# FINANCIAL TIMES

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## WORLD NEWS

### Reform call to check child abuse

The death of four-year-old Kimberley Carlile from beatings and abuse by her stepfather could have been avoided, a commission of inquiry concluded yesterday.

The commission, headed by Louis Blom-Cooper, QC, held a three-month investigation into the the girl's death in June, 1986.

It criticised Greenwich social worker Martin Ruddock for not doing enough to help her, but also called for powers for police and social workers to enter homes to check on children at risk. **John Lloyd, Page 7**

### Car bomb kills 11

A car bomb wrecked a barracks in Saragossa, Spain, killing 11 people, four of them children. Police blamed Basque separatists. **Page 2**

### Nato appoints Woerner

West German Defence Minister Manfred Woerner was named Nato secretary general, to succeed Lord Carrington. **Page 2**

### Nominee approved

The US Senate unanimously approved President Reagan's nominee, Ann Dore McLaughlin, as Labour Secretary.

### Belgian polls move left

Belgians vote tomorrow, with opinion polls predicting a shift to the left. **Page 2**

### Four children shot

Israeli troops shot dead four Palestinian children and a woman in 24 hours in the occupied West Bank and Gaza strip. **Page 3.**

### Zimbabwe parties' plan

A merger between Zimbabwe's ruling Zanu-PF party and the Zapu opposition is imminent, a Zanu-PF official said.

### Agreement on Macau

Portugal's parliament unanimously ratified an accord returning the enclave of Macau to Chinese rule in 1999.

### Seoul support sought

South Korea's ruling Democratic Justice Party appears to have blundered by trying to order Seoul's middle class to attend a rally supporting its presidential candidate, Roh Tae Woo. **Page 3**

### 50 feared drowned

More than 50 people were feared drowned when a Hooghly river ferry capsized near Calcutta.

### Painting profit

A portrait by Sebastiano Del Piombo, bought at Sotheby's this year for £187, was sold at Christie's for £418,000. Sotheby's is to compensate the previous seller. **Sotheby's share offer postponed, Page 8**

### Chess game drawn

Garry Kasparov and challenger Anatoly Karpov drew the 22nd of 25 games in the world chess championship in Seville, after 19 moves. They are tied 11-11.

### Gatting apologises

The second test in Lahore resumed after England captain Mike Gatting, on instructions from the Test and County Cricket Board, apologised to umpire Shakoor Rana for bad language. Pakistan scored 191 in reply to England's 292.

### Briefly...

**Postal** charges were frozen for three months. **Page 4**

**Jascha Heifetz,** violinist, died in Los Angeles, aged 86.

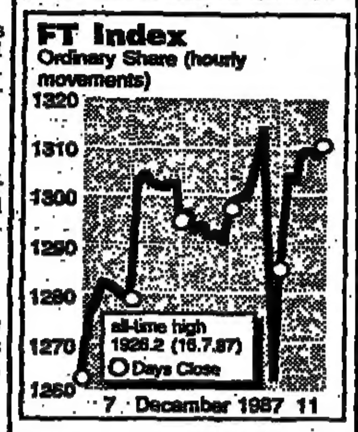
**Charlie Chaplin's** bowler hat and cane sold for £75,000 at a London auction.

## BUSINESS SUMMARY

### US deficit cuts plan passed

**THE US SENATE** passed the bulk of a two-year $76bn (£41.3bn) budget deficit reduction package yesterday. But the move had little effect on financial markets, which continued to focus on the weakness of the dollar. In London, the pound closed at $1.838 against $1.8305 the previous day. The dollar fell to DM1.6315 against DM1.6365. **Back Page; Currencies, Page 12**

**EQUITIES** rose in London on news of a number of takeover bids. The FT Ordinary Index gained 25.7 to close at 1,310.7, an increase on the week of 48. The FT-SE 100 Index rose 32 to 1,651.6, ending the week up 63.2. **Stock market, Page 12**




**SEARS,** largest UK retail group, bid £430.1m for mail order business Freemans, which strongly rejected the offer. **Back Page**

**B & I LINE,** Ireland's state-owned shipping company, is to be saved from closure under a five-year £27m package agreed by the Irish cabinet. The Dublin-Liverpool ferry service is to be ended, 560 jobs cut and wages frozen.

**PRICE WATERHOUSE,** accountancy firm, faces a new writ over its audit of Hong Kong property and shipping group Carrian, which collapsed in 1983 with debts of more than HK$10bn (£699.5m). **Page 10**

**NORWEGIAN** police are investigating the alleged illegal resale abroad of more than NKr4bn (£344m) worth of domestic Treasury bonds. **Page 2**

**US RETAIL sales** rose 0.2 per cent last month compared with a revised figure for October of a 0.9 per cent drop, said the Commerce Department.

**WEST GERMAN** coal producers and unions agreed an eight-year pit closure programme which will cut production by 20 per cent with 30,000 job losses. **Page 2**

**IRAN** continued to push for an oil price of $20 at the Opec conference. Delegates believed last summer's compromise on quotas would continue. **Page 2**

**HOLDEN Motor Company** and AMI Toyota, both of Australia, are merging to create the country's largest car maker, with about 40 per cent of the market. **Page 3**

**COUNTY NATWEST,** National Westminster's investment banking arm, is buying securities firm Wood Mackenzie for an unspecified amount. **Back Page**

**ROBERT SANGSTER** is negotiating the sale of his private company Vernons Pools, with Thomson T-Line suggested as a possible buyer. **Back Page**

**GRAND Metropolitan,** drinks, hotels and food group, is understood to be seeking French government approval to increase to 20 per cent its stake in French cognac house Martell. **Page 8**

**ASSOCIATED Paper Industries** produced a 34.9 per cent increase in annual taxable profits to £6.81m. **Page 8**

# BA attempts to have BCal routes revoked as SAS bid is passed

BY CLAY HARRIS

BRITISH AIRWAYS last night applied for the immediate revocation of all British Caledonian's route licences after the Civil Aviation Authority said Scandinavian Airlines System's proposed rescue package for BCal would leave the airline under UK control.

BA based its application on the CAA's statement that SAS appeared to be seeking to gain control of BCal as soon as this was allowed.

BA's move will oblige the CAA to hold a public hearing. It could also force Mr Paul Channon, Transport Secretary, to make the final decision if an appeals procedure is invoked. He could not have overruled yesterday's decision by the CAA.

Although the application will not have any immediate effect on BCal's flight operations, it shifts the advantage back to BA's full £200m takeover bid against the rival SAS-led recapitalisation plan endorsed by the BCal board earlier this week.

The action was seen last night as a spoiling move aimed at increasing pressure on BCal's shareholders to accept the BA offer to avoid months of uncertainty as the CAA deliberated.

BCal, however, said BA had no grounds to seek the revocation of its licences. It was confident shareholders would not be swayed by the application.

The CAA's decision earlier yesterday indicated that the success of the SAS package would not result in the automatic loss of BCal's licences. Control would not be transferred from the UK.

The agency warned, however, that its ruling was tentative, had been made on narrow grounds and was conditional on the SAS package being implemented precisely as outlined.

It specifically stated it could not promise to uphold the ruling if new arguments emerged in a public hearing.

The CAA also refused to give SAS a blanket assurance that BCal's licences and air operator's certificates would not be affected by its planned investment. SAS last night was studying the CAA's decision.

The plan approved yesterday was the third formally to be submitted to the CAA, which said: "It would appear from the document itself and from the price SAS is proposing to pay that SAS's object is to acquire control of the company as soon as that is permissible."

Sir Colin Marshall, BA's chief executive, cited this conclusion last night when he called for the revocation of BCal's licences.

SAS is offering to pay £110m to buy 26.14 per cent of existing shares, and to inject another £20m, out of a total of £50m in new capital.

After the capital reconstruction was complete, SAS would have 23.5 per cent of BCal, although this would rise automatically to 40 per cent, through the conversion of preference shares, when European Community aviation deregulation takes place.

Sir Colin said: "If SAS were to acquire a substantial shareholding in BCal with the potential of control, valuable aviation concessions may have to be given to foreign governments to permit BCal services to continue.

"Any such concessions would not be in the UK public interest. BA considers that the question and implications of potential SAS control should be considered in full hearings by the CAA."

The assurances in the latest revision of the SAS-BCal proposal which made possible the CAA's tentative approval included:

- SAS would not guarantee any BCal borrowings or obligations of other shareholders.
- No side arrangements exist between SAS and Investors in Industry (3i), the clearing bank-owned investment consortium, which would remain the largest single shareholder in BCal, although its stake would fall from 41 per cent to 23.53 per cent.
- 3i would be actively involved in BCal's management.
- Precise legal limitations on the convertibility of SAS's shares were spelled out.

**Highland Express to go into liquidation, Page 4; Man in the News, Page 6**

# Reagan 'given free hand to test Star Wars'

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Ronald Reagan said yesterday he had reached an understanding at the summit with Mr Mikhail Gorbachev, the Soviet leader, which would give the US a free hand to test its strategic defence initiative – Stars Wars – defence system.

Mr Reagan, speaking to American reporters at the White House, said the understanding would not in his view block progress on a future superpower pact to cut strategic offensive weapons arsenals by 50 per cent.

The President's comments were part of a White House drive yesterday to capitalise politically on the three day summit in Washington and campaign for speedy ratification of of a treaty scrapping medium range nuclear weapons.

Mr Reagan, under attack by conservatives, seemed anxious to show that his plans for a space based defence shield against nuclear weapons was still intact.

His remarks reinforced earlier comments by his officials about the way talks on the Star Wars system had gone during the summit. On Thursday night, as Mr Gorbachev left Washington to brief Warsaw pact allies in East Berlin, officials said the two leaders sidestepped the issue in order to pursue a "strategic missile deal.

"It was an agreement to disagree," said one official.

At the summit, the Soviet side dropped earlier demands linking curbs on Star Wars with cuts in offensive ballistic weapons. However, it insisted the US abide by the 1972 anti-ballistic missile treaty which, on one strict interpretation, would preclude testing in space of the system.

Mr Reagan continued yesterday to insist that testing was allowed under the ABM Treaty and the earlier link with strategic weapons was "resolved."

But the summit communique remained ambiguous on the Star Wars issue and arms control experts noted that Congress, under a deal authorising money for the programme over the next year, had banned testing outside the ABM treaty.

"Mr Gorbachev may have decided to let Congress impose the restrictions he wants," said one expert.

Congressional leaders rallied behind Mr Reagan yesterday, applauding the President before he sat down for a breakfast meeting at the White House. All participants expressed support for the intermediate nuclear forces treaty scrapping medium and shorter-range missiles.

Senator Robert Dole, the Senate Republican leader, said the meeting was "a sort of love feast."

Mr Jim Wright, the House or Representatives Speaker, echoed many American politicians' praise for the dynamic and energetic style of Mr Gorbachev. "If Gorbachev were an American, he'd be more American than apple pie," said Mr Wright.

After Mr Gorbachev's visit, early ratification of the INF treaty seems more likely. Political analysts cautioned yesterday, however, that the Soviet leader would have to improve his human rights record and deliver on promises to withdraw Soviet troops from Afghanistan if his popularity were to endure in Congress and among the American people.

**After The Summit, Page 2; editorial comment, Page 6**

# RPI error will cost £105m

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE GOVERNMENT yesterday owned up to what could prove to be one of the most expensive computer errors on record when it announced it had been underestimating the inflation rate for the past 18 months.

The mistake, made when the Department of Employment switched to full computerisation of its retail prices index in March 1986 and discovered only last month, means that its monthly figures have tended to understate the pace of price rises by about 0.1 percentage point.

The figure is small against an annual inflation rate of between 4 per cent and 4.5 per cent, but the result has been to depress state benefit and other payments to millions of people whose incomes are linked directly to the index.

Embarrassed ministers said yesterday 9.5m people on state pensions would be compensated for the error "as soon as possible." Pensions in both the current 1987-88 financial year and in 1988-89 are affected; a detailed announcement will be made next week.

The pensioners are expected to receive "one-off" payments of between £5 and £10. Another 450,000 people dependent on inflation-linked war or industrial illness and accident pensions are also likely to be compensated. The total cost to the Treasury is put at £105m.

As Whitehall lawyers yesterday frantically reviewed the Government's statutory obligations, however, the message was that millions of others would have to bear any loss without official help.

Among those whose incomes have been less than they should have been – albeit by amounts ranging from perhaps 50p to just a few pounds over a whole year – are the unemployed, those on supplementary benefit, and recipients of child, maternity and sickness benefits.

Many holders of index-linked gilt-edged securities and national savings bonds have also lost out.

There is a further possibility that every single taxpayer may have been paying too much income tax. As required by law, most tax allowances were raised by the published inflation rate of 3.7 per cent for 1986 in last March's Budget, but had the mistake not been made the figure might have been higher.

However, initial calculations in Whitehall suggest the traditional rounding-up of allowances would have compensated for any shortfall. But because the Government does not plan to recalculate the prices index back to last year it is impossible to tell.

The impact on the next Budget uprating is equally uncertain. As one of the few Whitehall officials with a grasp of the complexities commented wryly: "People might find they are gaining next year what they thought they might have lost this year."

Equally baffling is the effect on the indexation of capital gains. Individuals who declared gains in the last financial year may have ended up worse off, but those who cash in their assets in the current year should get a higher allowance against inflation than they could normally have expected.

The mistake, which prompted

**Continued on Back Page**

# Arco takes 7.7% Britoil stake to foil BP move

BY MAX WILKINSON, RESOURCES EDITOR

ATLANTIC RICHFIELD, the large US oil company, yesterday made a £1.35m swoop on the shares of Britoil, the independent UK company, in an attempt to save it from the unwelcome clutches of British Petroleum.

However, BP announced last night that it intended to make a counter-offer by purchasing up to 29.9 per cent of Britoil at a price above Arco's offer.

Just before BP's move was reported, the Takeover Panel told Arco that it must not buy any more shares in Britoil until some "outstanding matters" relating to Britoil were cleared up.

Arco picked up 7.7 per cent of the UK's largest independent oil company by making a tender offer of £3.50 a share – 50p more than BP had paid on Tuesday – in a dawn raid which gave it 15 per cent of the company.

Arco said it intended to make a tender offer for 29.9 per cent of Britoil at £3.50. This would put the company's value at £1.76bn, 17 per cent higher than that put on it by BP's tender offer for 29.9 per cent on Tuesday.

Arco has also agreed to hand over to Britoil most of its oil and gas assets outside the US, in exchange for about another 20 per cent of Britoil's equity.

Mr David Walker, Britoil's chief executive and a former BP man, said last night that the BP offer had put too low a value on his company's assets. He welcomed the idea of a partnership with Arco because it would enable Britoil to realise its ambition of establishing a wider spread of oil and gas operations outside the North Sea.

The two companies also have jointly-owned oil and gas properties in Dubai and Indonesia.

Britoil's 1bn barrels of oil reserves are heavily concentrated in the North Sea, while Arco's major source of revenue is the North Slope of Alaska, where it is operator for half the giant Prudhoe Bay field. BP is operator for the other half.

Arco's total oil reserves of around 3bn barrels are about three times those of Britoil, but only about 200m barrels of these reserves are outside the US.

Mr Walker said yesterday that the two companies intended the transfer of shares to be proportionate to the value of the assets being exchanged. This would be negotiated in detail at a later date if shareholders approved the swop.

However, the Arco shareholding would not exceed 49.9 per cent. This would guarantee Britoil's independence, he said.

Although BP had not said what its further intentions were, it was assumed in the market that it wanted to proceed to a full bid for Britoil as soon as it could be sure how the Government would deploy its golden share in the company.

This golden share, which the Government created when Britoil was privatised five years ago, gives ministers an effective veto against an unwelcome takeover.

Britoil is hoping that the golden share would not prevent it from seeking the protection of Arco, since the US company has said it is not looking for full control.

BP's offer on Tuesday was already well above Britoil's closing price of £1.85 a share on Monday. The move came as a

**Continued on Back Page**
**Lex, Back Page**

# Elf in hostile £134.7m cash bid for Tricentrol

BY LUCY KELLAWAY

ELF ACQUITAINE, the French state-controlled oil group, yesterday made a hostile £134.7m cash bid for Tricentrol, the heavily-indebted UK independent oil company.

The 145p-a-share offer, the first unfriendly bid by a foreign group for a UK oil independent, ends two years' speculation over the troubled company's future.

It came at the end of a week which has seen share prices across the independent oil sector rise sharply in expectation of sweeping changes of ownership in the wake of British Petroleum's tender offer for shares in Britoil.

Elf made an unsuccessful dawn raid on Tricentrol shares yesterday morning to try to lift its stake from 6.3 per cent – which includes a 5.5 per cent interest acquired yesterday from Trafalgar House – to 14.9 per cent.

The Tricentrol share price jumped from 101p to 165.5p in the day, limiting Elf's extra purchases to 1.3 per cent and prompting it to make a full offer for the company.

The offer price represents a 46 per cent premium on Thursday's closing price for Tricentrol shares and is 61 per cent above the price on Monday.

Tricentrol declined to respond fully to the bid until it had met Elf to discuss the offer on Monday, although it recommended shareholders to take no action. A

**Continued on Back Page**
**Details, Page 8; Lex, Back Page**

## WEEKEND FT





## MARKETS

| DOLLAR | STERLING |
|---|---|
| New York lunchtime: DM 1.633; FFr 5.5405; SFr 1.3305; Y128.45 | New York lunchtime $1.8375 |
| London: DM 1.6315 (1.6365); FFr 5.5325 (5.5575); SFr 1.3305 (1.3345); Y128.45 (129.4) | London: $1.838 (1.8305); DM 2.9975 (2.995); FFr 10.1675 (10.1725); SFr 2.445 (2.4425); Y236 (236.75) |
| Dollar index 93.8 (94.2) | Sterling index 76.1 (76) |
| Tokyo close Y128.75 | |

**US LUNCHTIME RATES**
Fed Funds 6¾%
3-month Treasury Bills: yield: 6.04%
Long Bond: 94⅜ yield: 9.43%

**GOLD**
New York: Comex Feb latest $498
London: $492.375 (487.5)

**LONDON MONEY**
3-month interbank: closing rate 8⅞% (8½)

**NORTH SEA OIL**
Brent 15-day Jan (Argus) $18.05 (17.825)

**STOCK INDICES**
FT Ord 1,310.7 (+25.7)
FT-A All Share 831.08 (+2.1%)
FT-SE 100 1,651.6 (+32)
FT-A long gilt yield index: High coupon: 9.67 (9.55)
New York lunchtime: DJ Ind Av 1,853.95 (−1.49)
Tokyo: Nikkei 23,035.81 (−245.03)

*Chief price changes yesterday: Back Page*

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils500; Kuwait Fils500; Lebanon $L125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway NKr8.00; Philipines Pes20; Portugal Esc100; S.Arabia Ris6.0; Singapore S$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr8.00; Switzerland SFr2.20; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

## CONTENTS

# AFTER THE SUMMIT

## SDI impasse shelved to allow Start talks to go on

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

"THEY kicked the can down the road to Geneva" was how a worried Senator Sam Nunn, the influential chairman of the Senate Armed Services Committee yesterday described the understandings which Mr Mikhail Gorbachev and President Ronald Reagan had reached on the issue of how the two superpowers should resolve their differing visions of the role of space defences.

The fact that the two leaders had simply agreed to disagree on the future of Mr Reagan's "Star Wars" Strategic Defence Initiative in order to press ahead with the Start talks to reduce their strategic nuclear arsenals by 50 per cent only became clear after the final summit meeting between Mr Reagan and Mr Gorbachev was over.

Then a Senior Reagan Administration Official, briefing reporters on the contents of the joint communique which was to be released later said that nothing had been done at the summit which "restrains US or Soviet strategic defences research, development and testing". The US had simply agreed to negotiate in Geneva a period during which Washington would abide by and not withdraw from the 1972 Anti -Ballistic Missile Treaty which is the key accord regulating the prospective militarisation of space.

That Mr Gorbachev did not find this new understanding any more fundamentally satisfactory than arms control experts such as Senator Nunn, became clear at Mr Gorbachev's press conference later on Thursday. Asked if he had achieved anything which would help him achieve his goal of preventing the extension of the arms race into space Mr Gorbachev said: "I don't think so."

On the summit in general Senator Nunn, briefing foreign journalists just after a meeting between President Reagan and Congressional leaders at the White House yesterday gave a guardedly optimistic assessment.

Echoing President Reagan, Senator Nunn, a conservative Democrat from Georgia who many in his party wish had decided to enter the race for the Democratic presidential nomination said the three day meeting was a success in several different ways.

He cited in particular some of the precedents that had been established under the INF Treaty signed on Tuesday. The principles of on site inspection to ensure that the missiles are scrapped as the treaty requires and of assymetrical reductions in armaments (Moscow is to eliminate more weapons than the US) were important not only in relation to the Start talks which have been given new impetus by the summit. They are also important in the precedents they set for the negotiations which are looming over conventional arms control.

It is this facet of the superpowers arms control agenda which Senator Nunn believes to be the most important and on which he said he intends to put the heaviest focus when his Armed Services Committee conducts its hearings into the INF Treaty during January and February.

Senator Nunn says Nato has got to come up with some bold and innovative conventional arms proposals. The alliance he adds has been delinquent in not doing this already.

In addition Nato has got to press ahead with improving its conventional forces and with educating the general public in the US and Europe to understand that there is a relationship between Western dependency on nuclear weapons and the relative weakness of its conventional forces vis-a-vis the Warsaw Pact.

On the broader aspects of the


summit Senator Nunn yesterday echoed the views of several other East-West experts who are saying that what was particularly encouraging about the summit was the fact that it was marked by a realistic assessment of what was possible by both sides.

"They did not go for the home runs. They were content to not come up with things that were not well thought out as we did at the Reykjavik summit. They stayed away from sweeping type adventurous proposals that had not been adequately thought through," he added.

He spelled out in a way which the Administration itself is reluctant to do, how much of an impasse had been reached on regional issues which divide Washington and Moscow. President Reagan he said had made a real effort to get Moscow to agree to impose sanctions on the combatants in order to try to end the Gulf War, but without success. There was also no signficant movement on the issue of the withdrawal ofthe 115,000 Soviet troops from Afghanistan.

On the negative side of the ledger, however, it is clear that there are concerns outside the Administration about the pace at which the Administration appears to be moving on strategic arms reductions and about its tactics in agreeing to a Moscow summit which is being linked to the possibility of the signing of a Start agreement.

This, its critics are saying, smacks of negotiating against a deadline which is something Washington should not be doing.

No less worrying however, as Senator Nunn indicated yesterday, is the decision to sidestep the issue of space defences. Senator Nunn worries that this evasion could persist and that the two sides might sign a Start accord without resolving their fundamental differences on space defences and the "Star Wars" Strategic Defence Initiative.

"It would be a mistake to go into a Start with the ABM Treaty left in a state of uncertainty," he said, as this would begin the offensive reductions without knowing when the Soviets might decide that they could go no further in cutting their missile arsenal because of the SDI programme.

A major question hanging in the air therefore after the summit is when and how, even whether, the space defences issue will be resolved.

What impact for example will this uncertainty have have on progress in the Start talks or on the superpowers relations? How will the domestic political debate in the US evolve amid this uncertainty?

Neither US advocates of arms control who like Mr Gorbachev want to see the militarisation of space blocked, nor conservative Republicans who want to see SDI deployed will be happy with the summit outcome on this score.

Americans, through their television screens have been subjected to a kaleidoscopic barrage of images of Mr Reagan and Mr Gorbachev over the past three days as both men have vied for the spotlight in order to present their views to the public.

The enduring image which is left, partly because he is a new and exciting personality in comparison with the familiar picture of President Reagan but also because of the great skill he displayed in presenting himself, is the image of Mr Gorbachev.

Notoriously fickle though the American public is, the impression he has made and the fact that a Moscow summit looms in the midst of next year's Presidential election campaign, suggests that Mr Gorbachev, arms control and US/Soviet relations will indeed play a larger role in the election process than has historically been the case in peacetime.

The two top men: Progress with smiles

## Moscow hopeful of ballistic pact

BY LESLIE COLLIT IN EAST BERLIN

MR MIKHAIL GORBACHEV told his Warsaw Pact allies yesterday that the Soviet Union and the US had reached "agreement in principle" to eliminate 50 per cent of their intercontinental ballistic missiles.

The Soviet leader addressed a meeting of the Warsaw Pact in East Berlin on the results of his negotiations this week with President Ronald Reagan in Washington.

He said an accord to reduce radically "strategic offensive weapons" was possible in the "near future", if the US-Soviet anti-ballistic missile (ABM) treaty were strictly observed. On leaving Washington, Mr Gorbachev had said "certain progress" had been achieved in the talks with the US side on reducing strategic missiles.

The Warsaw Pact noted that conventional forces and arms on both sides could be reduced by applying the principle that the "side which is ahead reduces." This formula is one Nato has always insisted on and it was accepted in principle by the pact at a meeting last May in East Berlin.

The Warsaw Pact said the Washington agreement to eliminate medium-range missiles in Europe meant that progress could also be made towards banning chemical weapons and halting nuclear tests.

The foreign ministers of the Soviet Union, East Germany and Czechoslovakia signed an agreement at the meeting on the inspection by US officials of the Soviet missiles which are to be removed from the two East European countries.

All the East European leaders attended the meeting, with the notable exception of President Nicolae Ceausescu of Romania, who sent his foreign minister. The East German authorities yesterday released various citizens detained in East Berlin on Thursday (UN Human Rights Day) when they tried to present a statement on human rights to the government. East Germany this week also barred several members of the West German Parliament from entering East Berlin to talk with independent civil rights activists.

Mr Gorbachev, in a toast yesterday after the Warsaw Pact meeting, said "democratisation and greater openness" of the alliance members had changed the face of socialism and overcome propaganda cliches in the west.

## Summit success is boost for Gorbachev at home

**Defusing the cold war will strengthen the hand of Moscow's reformers, writes Patrick Cockburn**

MIKHAIL Gorbachev's success at the summit has boosted his standing at home just when he needs it most.

The Soviet leader has been seen to achieve the political parity with the US which eluded Mr Leonid Brezhnev during the first period of US-Soviet detente in the 1970s.

And given the strong conservative reaction within the Communist Party to political change since mid summer, the signing of the INF Treaty and the Soviet public relations triumph over the last three days strengthens Mr Gorbachev's hand considerably.

Soviet citizens are conscious that for all the rhetoric of reform over the past two years very little has changed in the way their society is run. The Soviet leader needed a concrete achievement to give credibility to his plans for radical change. He has largely obtained it by defusing, if not ending, the cold war between the super powers.

President Reagan's visit to Moscow next year will also be important in setting the agenda in Soviet domestic politics. It will make it more difficult for conservatives within the Politburo and the central committee to get rid of Mr Gorbachev, or at least limit his authority, during the next 18 months. The Soviet leader has said this will be the crucial period for political and economic restructuring.

So far the perestroika restructuring programme has had little impact on the daily lives of 283m Soviet citizens. From January 1 it will begin to do so as central control of Soviet enterprises is sharply reduced. It is therefore important that Mr Gorbachev starts this critical period with a success under his belt.

Furthermore, an end to the cold war, if sustained, will ultimately transform the political calculations which are behind the way the Soviet Union has organised itself since the Bolsheviks came to power in 1917.

The justification for the fortress state built by Lenin and Stalin and run by an authoritarian Communist Party was that all political authority and economic resources had to be concentrated in the centre to modernise the country and fight off the enemy at the gate. "We have 10 years and then the wolves will be on us," said Stalin in the 1920s.

The argument, though its political potency had much diminished by the time Mr Gorbachev became General Secretary of the Communist Party in 1985, has remained crucial for conservatives in he Soviet bureaucracy. Successful resistance to the Gorbachev reforms needs to appeal to this ingrained siege mentality and traditional Russian chauvinism – both inevitably reduced in strength by the new dialogue with the US.

Also encouraging for Mr Gorbachev and the Soviet leadership is that the diplomatic dialogue with Washington is with President Reagan and a right-wing US administration which came to power in 1981 dedicated to standing firm against the Soviet Union.

Moscow has been particularly keen to deal with President Reagan while he is still in office because they believe he is invulnerable to pressure from the right. The same may not be true of a successor in he White House.

There is a further advantage for Mr Gorbachev. Conservatives at home complain at what they see as the excesses of glasnost and greater freedom of expression but there is no doubt that they have been the necessary pre-condition for changing Amnerican perceptions of the Soviet Union away from President Reagan's "evil empire".

A complete clampdown at home would now be more difficult to carry out because it would be at the cost of many of the diplomatic gains Mr Gorbachev has made since 1985.

The political benefits for Mr Gorbachev from renewed detente and a measure of nuclear disarmament are more immediate than the economic advantages. The missiles to be eliminated are only 4 per cent of nuclear arsenals and nuclear weapons are a much smaller component of defence budgets than conventional forces.

In any case the Central Intelligence Agency says it will be the end of the decade before the Kremlin has a real opportunity to change the proportion of resources going to the military because investment is already in place for weapons programmes over the next few years.

But the switch of emphasis from confrontation to dialogue makes it far more difficult in the long term for the Soviet military to justify vast new expenditure on arms.

## Nato welcomes INF accord

BY WILLIAM DAWKINS IN BRUSSELS

NATO'S EUROPEAN members yesterday warmly welcomed the treaty to eliminate its intermediate nuclear forces and gave their formal permission for the Soviet Union to check the alliance's cruise missile sites.

The foreign ministers of Britain, West Germany, the Netherlands, Belgium and Italy (the countries in which the US missiles to be scrapped under the treaty are based) signed their crucial part of the accord, setting out how the INF deal is to be verified. It gives Soviet officials the right to inspect European missile bases at periods over the next 13 years – an arrangement which will be reciprocated next week by a similar right extended by the Soviet Union, East Germany and Czechoslovakia.

The so-called basing countries agreement brings to an end what has been "a momentous week for East-West relatons", said Sir Geoffrey Howe, UK Foreign Secretary. He warned that, "with a dramatically new and invigorated public approach by the Soviet leaders, we must learn to distinguish the surface gloss from the substance".

Mr George Shultz, US Secretary of State, said the basing countries agreement provided "the most stringent scheme of verification in the history of arms control". He insisted that Nato had been strengthened rather than weakened by the INF accord. Under that agreement, signed in Washington on Tuesday, the US will destroy 859 intermediate-range nuclear weapons; the Soviet Union 1,752.

However, Mr Hans Dietrich Genscher, West German Foreign Minister, insisted Nato must push ahead with negotiating cuts in conventional weapons, and in battlefield nuclear forces of less than the 300 to 3,000 mile range covered by the INF treaty.

UK and Soviet chemicals weapons experts are planning an exchange of visits early next year.

# OTHER OVERSEAS NEWS

## W Germans agree programme to close coalmines

BY PETER BRUCE IN BONN

WEST GERMAN coal producers and unions agreed in Bonn yesterday to a major pit closure programme that will cut production by 20 per cent and erase 30,000 jobs in the next eight years.

The agreement, which will further fuel high tempers in the Ruhr where steelworkers are trying to prevent sweeping plant closures, was reached after four hours of talks at the Economics Ministry.

According to the Ministry, the agreement involves cutting back production by between 13m tonnes and 15m tonnes by 1995. West Germany's 157,800 miners are likely to produce some 77m tonnes this year after 83m tonnes in 1986.

The job and capacity cuts, which are probably not as high as the unions had feared they might be, have been forced on the industry by the high cost of producing coal here and by the Government's increasing reluctance to continue its heavy subsidies.

It costs roughly DM290 to produce a tonne of coal in West Germany and the same product is available on the international market for less than DM100 a tonne. Bonn and the coal producing states pay the difference to enable domestic steel producers to buy German coal. The Government also levies a charge on electricity bills to make it possible for power utilities to buy exclusively from German mines.

But these schemes have cost the country some DM24bn since 1980 and as the D-mark strengthens against the US dollar - in which international coal prices are set - the subsidies threaten to become even more expensive.

The Government set down another warning marker to the coal unions this week when it said it wanted to cut, though only very slightly, the coal levy on electricity bills.

A gradual shrinking of the levy is planned, although some utilities are strongly opposed. The power industry has contracted to buy some 45m tonnes of local coal a year until 1995.

Announcement of the coal job losses came just a day after thousands of coal and steel workers took to the streets in the Ruhr, blocking entry to major towns and cities to draw attention to their plight. The steel unions, which recently agreed to shed 35,000 jobs by 1989, were angered later by disclosure that Krupp plans to close its Rheinhausen intergrated works.

## Greek share prices rally after tax package

BY ANDREANA IERODIACONOU IN ATHENS

AHENS Stock Exchange share prices recovered strongly yesterday as the Greek business community responded with cautious optimism to a special tax incentive package unveiled by the Socialist Government on Thursday.

The tax measures were expressly intended to shore up badly battered business confidence. At the end of November share prices plunged following the surprise introduction of a tax of up to 10 per cent on 1986 profits, and a shift in the government's economic stabilisation policy.

The authorities have now begun to take action in a bid to contain the damage. One key measure announced on Thursday was the watering down of the tax on profits, to exempt all profits from exports.

In addition, the tax free allowance on earnings from dividends was raised from $120,000 to $200,000, in a bid to benefit small investors who have lost substantial sums of money in the past two weeks.

The measures also included a 50 per cent income tax exemption on 1988 profits from exports, as well as on 1987 profits reinvested in 1988.

The Athens Stock Exchange general share price index rose by 27.41 per cent yesterday, in response to the measures, its best post-crisis performance.

## W German minister picked as Nato chief

By William Dawkins in Brussels

**MR MANFRED WOERNER, West German Defence Minister, was yesterday chosen as Nato's next Secretary General.**

**Mr Woerner, 53, will be the first West German to hold Nato's top political job when Lord Carrington retires next June. His appointment was approved at yesterday's six monthly meeting of Nato's 16 foreign ministers.**

**Lord Carrington, who is 68, said he would step down after four years when he became Secretary General in 1984.**

**Yesterday's decision had been widely expected. It was the first time there had been an open contest for the post, which previously had been filled after private talks between heads of governments. Controversially, Mr Kaare Willoch, a former Norwegian Prime Minister, presented himself as a candidate last August, but withdrew a fortnight ago in recognition of the growing support for the West German.**

**Mr Woerner is understood to have the particular support of the UK and the US. But he is also a controversial figure. He was a critic of the negotiations on scrapping intermediate range nuclear missiles on the grounds that this might harm Nato's strategy of flexible response. He also opposed unsuccessfully the removal of West Germany's Pershing 1A missiles.**

**Yesterday's move will increase Bonn's already powerful influence in Nato. Two other West Germans hold senior alliance posts, General Wolfgang Altenberg as chairman of the military committee and Mr Henning Wegener as an assistant secretary general. Mr Woerner, a member of the right-wing Christian Democratic Union, has held the defence job in Bonn since 1982 and is a reserve pilot in the Luftwaffe.**

## Alfonsin calls for Latam Marshall plan

BY JOHN WYLES IN ROME

PRESDIDENT Alfonsin of Argentina yesterday ended a state visit to Italy calling for a "Latin American Marshall Plan".

Argentina itself is now in a rather better position to wait for one thanks to an innovative bilateral agreement which aims to channel $4.5bn of investment into the debtor country by 1992.

This is the financial flesh on a pace-setting treaty of "special association" signed during the visit. President Alfonsin yesterday described the treaty as a "model for north-south relations" since it aimed specifically at promoting growth in a major debtor country. Nevertheless, he said the Latin American continent needed an international effort to parallel the Marshall Plan which contributed to European post-war recovery.

A measure of the importance to both Italy and Argentina of the strategy and the detail of the treaty is their creation of a small joint secretariat to administer it.

Officials say the most original aspect is Italy's commitment to help Buenos Aires to attract $1.5bn of Argentian capital held abroad back into the country along the lines of the debt for equity swaps championed by Mr James Baker, the US Treasury Secretary.

According to Italian officials, Argentinian investors would be allowed to purchase slices of the country's debt held by foreign banks at a discount and then to convert it into local currency at full face value. Their local investments in productive capacity would then by insured by the Italian export credit guarantee agency, Sace.

In addition to providing $1.5bn of commercial credits under the treaty, Italy has agreed to make a 20 year loan to Argentina of $1.5bn.

Rome wants at least half of this to go into manufacturing capacity and schemes have already been lined up for a petrochemicals plant to be built by Eni, the Italian energy group, and for a modern telephone network in Buenos Aires to be installed by a consortium of Italian telecommunications companies.

Also timed to coincide with the treaty was the announcement yesterday by the state-owned Banca Nazionale del Lavoro that it was taking over the veteran Argentinian bank, Banco de Italia Y Rio de la Plata.

## Car bomb kills 11 in Spain

BY TOM BURNS IN MADRID

A CAR bombing, with the style of the Basque separatist organisation ETA, yesterday blew up a civil guards barracks in the northern Spanish city of Zaragoza, killing 11 people, including women and children, and injuring a further 40.

The blast ended a six-month lull in major terrorist attacks in Spain. It followed both singular police successes against ETA and exploratory ceasefire talks with the Basque separatists.

Four little girls – aged seven and six, plus twins aged two – were among the dead under the rubble of the three-storey brick building, housing 30 civil guardsmen and their families, which collapsed under the force of an estimated 110lbs of explsoive.

Sentries on duty at the barracks said two men parked a car against a side of the building shortly after six a.m. and then sped away in a getaway car. The parked vehicle exloded within minutes. A sentry who was approaching it for inspection was among the seriously injured.

Eta had not carried out a big bombing since June when 21 people were killed by a supermarket blast in Barcelona. In September, the capture of Eta's alleged military commander, in south-western France, prompted a round-up of more than 100 suspected gunmen in France and in Spain.

Police drives against Eta have been matched by political initiatives, in line with the government's carrot-and-stick policy to curtail separatist violence. Since the summer, officials have acknowledged the maintenance of discreet exploratory talks in Algeria between government envoys and Eta representatives, which hinge on a a separatist ceasefire and individial pardons for jailed Eta members.

Officials have been warning for some time that Eta hardliners, opposed to any form of surrender, could mount a violent attack to scupper the contacts in Algeria.

## Shift to Left in Belgian polls

BY TIM DICKSON IN BRUSSELS

BELGIUM'S seven million electors go to the polls tomorrow amid last minute evidence confirming an expected shift to the Left.

Opinion polls published in leading newspapers yesterday suggested that the outgoing coalition parties - the middle of the road Christian Democrats and the right wing Liberals - were losing ground to the Socialist parties both in Flanders and Wallonia.

The Flemish speaking CVP of Prime Minister Mr Wilfried Martens is set to lose 5 per cent of its votes, according to a Dimarso-Gallup poll published in the Flemish daily De Standaard.

This trend is in line with soundings published earlier in the election campaign but political observers are nevertheless extremely wary of predicting the result. For one thing Mr Martens' emphatic victory in 1985 confounded the pundits while even at this stage some 15 per cent of the voters are still uncommitted.

Whatever the outcome it could be some weeks before the composition of a new Government is known. There are many possibilities, including the continuation of the centre-right combination (if the polls are wrong), a coalition between Socialists and Christian Democrats, or even a three way administration (six parties given that the three large groups are all divided into Flemish and French speaking parties) aimed at attempting to heal the country's bitter language dispute.

This was the issue that precipitated the calling of the general election in October but while always beneath the surface so called "community" problems have featured little in a generally very low key campaign. Even the economy and defence - cruise missiles and the Socialist alternative dominated the 1985 campaign - have failed to arouse much passion in the last couple of weeks.

To a large extent the parties are keeping their options open so that they will be as free as possible to negotiate a place in the Government once the results are known.

## Mbeki's travel restricted in S Africa

By Anthony Robinson in Johannesburg

MR GOVAN MBEKI, the veteran African National Congress leader who was released "unconditionally" after 23 years in jail five weeks ago, was served a restriction order yesterday by General Hennie de Witt, the South African police commissioner. The order, issued under state of emergency regulations, restrict Mr Mbeki to the Port Elizabeth magisterial district, ban interviews with journalists, and prohibits him from preparing any matter for publication.

●Pretoria is preparing to act against the South African office of the US television network CBS, after the screening in America of a documentary The Children of Apartheid.

Mr Stoffel Botha, Home Affairs Minister, who has responsibility for supervising foreign media, attacked what he called "blatant distortion."



## Impasse at Opec may shake price

By Richard Johns in Vienna

THE OIL market's confidence in the ability of the Organisation of Petroleum-Exporting Countries to sustain the current reference price of $18 per barrel looked last night as though it would be badly shaken by a serious deadlock at the Opec conference here

The most likely outcome of the meeting was said by well-informed delegates to be a "roll-over" of the untidy compromise patched together here last summer, which formally set a ceiling of 16.6m barrels a day (b/d) on total Opec output.

Iran remained adamant that a price of at least $20 should be set. It also firmly rejected the quota parity with Iraq, for which the heavyweight Arab producers of the Gulf, Saudi Arabia and Kuwait, have been pressing.

A consensus appeared to be emerging, that Opec output of crude would have to be limited to at least 17.5m b/d during the first quarter of 1988, if prices were not to be much eroded.

However passions inflamed by the Gulf war make any consensus in Opec hard to achieve.

Mr Gholamreza Aghazzadeh, Iranian chief delegate, has given the impression here that Tehran will formally disassociate itself from any agreement reached by the other 12 members. There are many precedents for that kind of move.

Third-quarter Opec output is reckoned to have been about 19m b/d. The International Energy Agency's most recent assessment calculated it at 19.2m in October and 18.8m in November.

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# OVERSEAS NEWS

## Japanese fear plunging dollar will hit economy

BY IAN RODGER IN TOKYO

FRESH anxiety about the outlook for the Japanese economy has emerged in Tokyo after the latest plunge by the dollar.

Japanese economists, surprised by Thursday's news of a record US trade deficit in October, fear the US authorities will continue to let the dollar fall rather than use more painful means to solve their balance of payments problem.

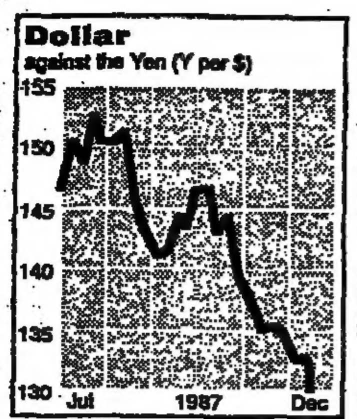
Japan would be the main victim of such a policy. "A sharp rise in the yen now will damage the Japanese recovery very much," Mr Takashi Kiuchi, senior economist at the Long Term Credit Bank of Japan, said yesterday.

Mr Teizo Taya, an economist at Daiwa Securities Research Institute, agreed. "If the dollar goes to Y120 by the end of next year, we can cope, but if it goes to Y110 or Y100 in the next six months, it will hurt," Mr Taya said.

News of the US trade deficit in October has badly shaken the rather optimistic consensus that had formed in Japanese economic circles about the outlook for the next year or so.

Until yesterday, senior government officials and private sector economists were acknowledging that the US was not going to solve its trade and budget deficit problems quickly, but they expected there would be an improving trend, and so the dollar would weaken only gradually.

The Bank of Japan, which tried so hard to prop up the dollar when it was under attack last spring, has appeared content in the past few weeks to let the US currency ease gently.




Economists believed that if that trend continued Japanese industry would maintain its competitiveness, corporate profits would continue to recover and the economy would grow at a robust 4 per cent or so next year.

Now, they fear that a major currency realignment could happen very quickly, sending Japanese industry into another recession. They suspect that with consumer spending remaining high in the run-up to the presidential election the US trade deficit will not improve and the US demand for foreign capital will remain very high.

"But foreign investors are not going to increase their exposure to dollar dominated securities until they feel that the dollar is at a reasonable level," Mr Taya said. In the meantime, speculators would continue to sell the dollar aggressively, believing that they were taking very little risk.

The Japanese see themselves as largely powerless either to help the US or to protect themselves. They have cut their interest rates to post-war record low levels and taken a number of other steps to stimulate domestic demand and encourage imports.

"Japan has already been co-operating fully with the US to reduce its huge trade deficit," Mr Keizo Obuchi, chief cabinet secretary, said yesterday.

The Japanese have long felt that one way to ease the pressure on the dollar was for the US Government to issue bonds in yen and other foreign currencies rather than in dollars.

Yesterday, Mr Takashi Ishihara, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), made a fresh call for the US to issue what are called "Reagan bonds". However, senior finance ministry officials and other analysts have virtually given up hope that the US Government, in a pre-election period, would take what would be seen as a humiliating step.

Mr Taya said there were other things the US could do, such as bolstering the capacity of the Federal Reserve Board to intervene in foreign exchange markets.

"But I don't think the Federal Reserve is going to defend the dollar until they fear that it will collapse - and by a collapse, I mean falling to a level that will result in soaring prices and interest rates in the US."

## Holden, AMI Toyota to merge

BY CHRIS SHERWELL IN SYDNEY

TWO of Australia's leading car makers, Holden's Motor Company and AMI Toyota, yesterday confirmed they were merging to create Australia's largest car manufacturer.

The 50-50 joint venture will begin next year and carries the industry's eight-year rationalisation plan, worked out in 1984, a crucial stage further.

The plan envisages cutting the number of manufacturers from five to three and the number of models produced from 13 to six.

Of the other makers, Ford and Nissan earlier this year agreed to co-operate on developing a two-litre car for local sale and export. The fifth, Mitsubishi, remains on its own.

Under yesterday's deal, Holden, which is part of General Motors, will close its car assembly plant in Dandenong, near Melbourne, in 1989. It made the Camira model and employed 1,200 workers, many of whom will lose their jobs.

Henceforth, car assembly will be undertaken at Holden's Elizabeth plant near Adelaide and at AMI Toyota's Port Melbourne factory.

Each group will now offer three models, based on Toyota's Corolla and Camry and Holden's Commodore. Holden's Astra model will be based on the Corolla, while Toyota will produce a Camira based on its Camry. A name for Toyota's Commodore has yet to be decided.

The new venture will have about 40 per cent of the market. As well as the economies of scale, the two will be able to combine technological and management skills.

The government welcomed the announcement. So did the main trade union affected, although it expressed disappointment at the closure of the Dandenong plant.

The number one car producer in recent years has been Ford. But all have suffered badly from plunging sales over the past year.

## Four children shot dead by army in Gaza

BY ANDREW WHITLEY IN JERUSALEM

**FOUR Palestinian children aged under 15 have died over the past 24 hours after being shot by Israeli soldiers in the occupied West Bank and Gaza Strip. A 50-year-old woman was also killed in the worst incident, in the Balata refugee camp near Nablus.**

**Inside the frequently-troubled Balata camp, demonstrations began early yesterday in protest against the increased army presence. Rocks were thrown at the soldiers, who said they replied initially with tear gas and rubber bullets, before resorting to live ammunition.**

**With no independent eyewitness reports, an accurate account of what ensued in Balata is hard to reconstruct. But the heavy casualty toll – four dead and, according to the state-run Israel radio, 50 injured – speaks for itself.**

**Elsewhere, a 14-year old boy from Khan Younis in the Gaza Strip died overnight after being shot the previous day duringdisturbances.**

## Israeli reprisal fear after sailor is killed

BY ANDREW WHITLEY IN JERUSALEM

FEARS of an imminent reprisal for the exceptionally heavy casualties Israel's forces have incurred lately at the hands of Arab guerrillas increased yesterday following the death of a naval officer -the eighth Israeli fatality in two weeks.

The officer died on Thursday night in fighting off the coast of southern Lebanon between an Israeli patrol boat and a vessel manned by fighters from the Iranian-backed Islamic Resistance Movement.

Four guerrillas were also killed, according to an army spokesman in Tel Aviv.

Earlier in the week, Prime Minister Yitzhak Shamir acknowledged that Israel had received blunt warnings from several countries – including the Soviet Union – not to retaliate against Syria for the hang glider attack on an Israeli army base on November 25.

Six soldiers were killed in that attack, the deadliest suffered by Israel in a decade.

The US Government is understood to have been particularly concerned about the possibility of an increase in Israeli-Syrian tension during the Reagan-Gorbachev summit.

But now the summit is over, that particular inhibition will have been removed for Mr Shamir. He replied to the warnings by saying that Israel alone would dictate the timing and manner of its response.

Frequent mock Israeli air raids over Palestinian camps in southern Lebanon and an increase in naval activity have kept guerrilla forces in Lebanon on edge all week.

Rumours of an imminent military strike northwards by land do not, however, appear to be well founded.

As Israeli commentators have pointed out, the government's dilemma is plain.

Syrian President Hafezal-Assad is seen as having been behind the hang glider attack, so a direct reprisal against any target closely identified with Syria seems, for political reasons, to be out of the question.

At the very least any strike against Syrian-controlled territory in Lebanon would upset the delicate rapprochement between Washington and Damascus.

And the dangers of an escalation towards direct conflict between Israel and Syria cannot be taken lightly.

## S Korean ruling party orders attendance at election rally

BY MAGGIE FORD IN SEOUL

SOUTH KOREA'S ruling Democratic Justice Party appears to have committed a major campaign blunder by trying to order Seoul's middle class to attend a rally in support of its candidate, Mr Roh Tae Woo, in next week's presidential election.

The party yesterday "requested the co-operation" of big business groups, state owned companies, banks, and government departments to send their employees to the Seoul rally today.

Executives were asked to wear jumpers rather than pinstripes, as Mr Roh apparently wishes to be seen to be attracting more votes from working people. Bankers and company executives reported that in some cases payments of Won10,000 have been offered to rally participants.

Observers saw the ruling party's action as not only undemocratic but also insulting, and it has been given wide media coverage. "When I saw that story, I thought Mr Roh was finished," said one political analyst. Several potential Roh voters said they had decided to switch to an opposition candidate.

Roh Tae Woo: campaign blunder

The presidential election follows protest demonstrations in June by students and the educated middle classes in favour of democracy. About 25 per cent of Seoul middle class voters were thought to be undecided about whether to support the Government or the opposition candidates. Their votes may well be the deciding factor.

Officials at Government departments such as the Ministry of Finance have not escaped the orchestrated mobilisation attempt but executives at the Bank of Korea (the central bank) have been excluded. These officials have demonstrated independent attitudes in the past.

Managements at some major companies appear to have been embarrassed by the order. One top executive at a big group said the Government request had been passed on, but it was up to individuals whether or not to attend.

At the same time as Mr Roh is to speak at his rally, Mr Paek Ki Hwan, a minor presidential candidate much admired by students, is also planning to speak in Seoul, several miles away.

# UK NEWS

The growing number of rivals is no joke for Tom Smith. writes Alice Rawsthorn

## Competitive pull of the cracker industry

THE CRACKER has played a part in the British Christmas ever since the 1840s when Mr Tom Smith, a London confectioner, introduced the Parisian custom of wrapping sweets in twisted coloured paper to the Victorian gentry as an after-dinner delicacy.

This Christmas more than 120m crackers will adorn the festive tables of Britain. But behind the jolly facade of Christmas cracker – with its paper hat, nasty novelty and corny joke – a bitter battle is brewing.

Tom Smith, which has dominated the industry for more than a century, is losing ground to its competitors. Moreover, new forces have entered the hitherto cosy world of the cracker-makers.

The early cracker companies tended to be confectioners like Tom Smith. By the turn of the century there were more than 30 manufacturers, most of which were confectionery companies making crackers in the summer when demand for sweets declined.

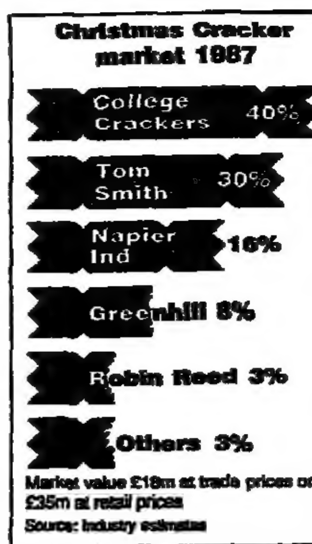
In the years after the Second World War many of the original cracker-makers disappeared. Nevertheless Tom Smith, which lost its independence, eventually becoming part of the Rowntree Mackintosh confectionery empire, clung on to its dominant role within the industry.

By the beginning of this decade, when the cracker market was worth £20m, Tom Smith made half of the 90m crackers sold in Britain. It swamped the middle market, while College, its closest competitor, claimed a quarter of sales with its cheaper crackers. The rest of the market was divided between Hovells and Napier.

Until the 1980s Tom Smith had been relatively sheltered from competition. Imports are limited, given that the tradition of cracker-pulling is peculiar to Britain and the Commonwealth. Moreover, the financial demands of cracker-making have ensured that, until recently, there have been relatively few newcomers to the industry.

It is comparatively easy and inexpensive to set up a cracker company – the products are assembled by hand, using the cheap labour provided by flexible pools of home workers – but the seasonality of sales creates crippling cash flow problems.

In spite of attempts to develop demand for the product on other occasions, such as Easter and Hallowe'en, sales are still concentrated at Christmas. Most cracker companies manufacture throughout the year and buy their jokes, paper hats and novelties early in the spring. They have to carry stock and bear production costs before the crackers go into the shops in the autumn.




As a result, very few of the companies tempted into the industry have survived. The cracker market has expanded by almost 40 per cent in volume over the past eight years. This, combined with a consumer trend towards more stylish and expensive crackers, has enabled new contenders to enter the marketplace.

The most dynamic force has been College Crackers, which has been revitalised since its ownership changed and three senior managers "defected" from Tom Smith in 1981.

College has improved the quality of its crackers and developed its Harlequin brand into what Mr Michael Levenstein, one of the new owners, calls "a more sophisticated, adult cracker." He says College has "outsold" Tom Smith for the past two years. By the end of this year it expects to have sold £7.35m of crackers.

The same opportunity for making higher quality crackers has been exploited by Greenhill, which set up in business in 1980. It supplies multiple retailers, such as Sainsbury and Tesco, and sells its own branded crackers.

Earlier this year Greenhill was sold to Fine Art Developments, the gifts and greeting cards group, because of what Mr Bryan Thornburgh, its managing director, called "horrendous cash flow problems." With the backing of a larger group the company has doubled its sales to an estimated £1.5m this year.

When Robin Reed was formed in 1981, its founders, Mr Julian Reed and Ms Gail Jasper, both still in their mid-20s, identified a new need: the "designer cracker."

Robin Reed should sell £500,000 of crackers this year – wrapped in stylish paper and filled with more expensive novelties – to retailers such as Habitat, Heals and Paperchase.

The growth of these new businesses has taken its toll on Tom Smith, which has seen its market share fall from 50 to 30 per cent in just eight years. In 1985 the company was sold by Rowntree to the management buyout team which had won control of Hovells. When the architect of the buyout died shortly afterwards, the new group, already loss-making, was plunged into chaos.

A new management team has been appointed and Tom Smith is attempting to arrest its decline. The workforce has been cut; the old Hovells production plant in Kent is for sale; and new products, such as indoor fireworks and party poppers, have been developed to counter the seasonality of cracker sales.

Tom Smith also intends to upgrade its products, having recognised that it may have missed out on the trend towards more stylish crackers. It is even reviewing its jokes. Some have been tumbling out of crackers – to be greeted with groans from cracker-pullers – for 20 or 30 years.

## Aiwa to lift capacity in Wales

By Anthony Moreton, Welsh Correspondent

AIWA, the Japanese consumer electronics company, is to double the capacity of its British plant to meet growing demand from the European market.

Dr Susumu Yoshida, its president, said in Cardiff yesterday that following the offer of £400,000 in selective financial assistance from the Government it was to spend another £3.1m at its Crumlin works outside Newport in south Wales.

The development will add 200 jobs to the 320 at Crumlin. It brings the number of jobs created by Japanese companies in Wales in the past month to nearly 800.

Aiwa produces amplifiers, tuners, cassette decks and turntables at Crumlin worth £20m a year at factory-gate prices. Last year it started making CD players.

The company wants to double its exports to the rest of Europe by 1990 and with the extension of the plant, which should be completed by next summer, it could add car stereos and some video products to its UK range.

● Sony has signed a £3.7m contract for specialist equipment which will allow it to double production of Trinitron colour television tubes at its Bridgend plant in south Wales.

The deal, with Stein Atkinson Stordy, of Wolverhampton, is part of a £30m expansion announced by Sony last March. The plant employs 1,200 which should rise to 1,500 when the expansion has been completed.

## House builders 'mistrusted'

By Ralph Atkins

HOUSING DEVELOPERS are mistrusted by the public and need to build homes people want in places where they want to live, Mr Nicholas Ridley, Environment Secretary, said yesterday.

Speaking at a House Builders Federation lunch, he challenged developers to build more homes for rent and gear up to government plans for reviving the rented housing market.

"In rural areas it will be particularly important to see that development is balanced to ensure that all the different types of demand are met, and that communities are not turned into dormitories for larger towns," he said.

The Government was trying to restore incentives for people to live in urban areas. Developers must respond by building "sensitively located, well-designed and landscaped schemes."

The public had to be able to trust developers, yet developers were seen as "the enemy, motivated only by their desire to make a 'quick buck'".

## Health overspending 'high'

FINANCIAL TIMES REPORTER

THREE-QUARTERS of health districts in England were overspent half way through their current financial year, according to a survey by the Hospital Consultants & Specialists Association.

The survey of NHS district general managers shows that 64.1 per cent of districts have closed hospital beds to save money or are actively considering doing so. The position will get worse as the financial year progresses, according to many of the returns.

The association said the results clearly supported the views of the presidents of the royal colleges who earlier this week called for government action to "save" the health service.

Managers doubted whether the extra money provided in the Chancellor's Autumn Statement would be enough to maintain existing services, let alone to restore hospital beds closed in 1988.

The association said that out of 131 forms returned so far (196 were issued), 98 managers or 74.8 per cent had said their districts were overspent.

Fifty-seven districts had closed hospital beds and another 28 were considering doing so. In all, 2,970 beds had been closed of which 2,375 were acute and 595 non-acute.

Reasons for the problems given by managers were:

● Deliberate underfunding by the Government of the 1987 pay awards to doctors, dentists and nurses.

● NHS cost inflation running at a higher level than general inflation, which was not allowed for in the Government's 1987-88 expenditure plans for the NHS.

● The extra cost of using locum agencies to obtain medical and nursing staff, particularly in acute specialities, in order to keep departments open.

An additional reason, not included in the returns but now becoming more apparent, was the increased capital and revenue cost of installing and running data collection/information technology systems.

The association said that "at the very minimum, the shortfall in funding at district level must be made good. The situation demands an immediate response by government to ensure that local services are maintained. Deliberate underfunding of the acute sector is completely unacceptable."

## Labour hits at 'payment delay'

BY TOM LYNCH

LABOUR yesterday demanded a government response to a newspaper report that the National Health Service had been told to slow payments to suppliers to ease its financial situation.

Mr Frank Dobson, shadow Leader of the House, intervened in proceedings on private members' bills to demand a ministerial statement on a "most important and sickening development."

A report in The Guardian said Mrs Thatcher, the Prime Minister, had told Sir Roy Griffiths, deputy chairman of the NHS management board, that there must be no more ward or bed closures "for whatever reason."

The paper said Sir Roy was to send Mr Mike Fairey, NHS planning director, on a tour of regional health authorities to instruct them to delay payments for supplies, refuse to accept price rises and negotiate price cuts.

Mr Dobson referred to the question time clashes between his party and the Prime Minister on Thursday, when Mrs Thatcher infuriated her critics by bombarding them with statistics in defence of her stewardship of the NHS.

Mr Dobson told MPs: "It is a most important and sickening development when the Prime Minister comes to the House, refuses to answer questions, recites a lot of statistics, then furtively sends officials round the country telling health authorities they have got to stop paying up and making themselves an even worse proposition for small suppliers."

Mr Robert Wareing (Lab, Liverpool West Derby) said the House had given Mrs Thatcher "an opportunity to make her feelings felt on how the NHS might deal with its financial problems." It appeared that she was now "telling the NHS to renege on its contractual agreements with its suppliers."

Mrs Betty Boothroyd, deputy Speaker, said no minister had applied to make a statement yesterday, and rebuked MPs for using points of order to make political points.

## MacGregor to advise Tories

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE SCOTTISH Conservative Party has enrolled Sir Ian MacGregor, former chairman of British Coal, as a member of a group of businessmen that will advise the party on business and the economy in Scotland.

As well as giving advice, the group, which is to be chaired by Mr James Gulliver, chairman of the Argyll Group, will help to raise money for the party in Scotland.

The Scottish Business Group has been formed at the invitation of Mr Malcolm Rifkind, Scottish Secretary, and Lord Goold, chairman of the Scottish Conservative Party.

Mr Gulliver, who is a Scot, said yesterday he felt businessmen should do what they could to assist the party in Scotland, following its disastrous showing in the general election, when the Conservatives lost 11 of their 21 seats.

Whereas the Government receives advice on economic and business policy from the Confederation of British Industry, the new group will be directly associated with the party.

Sir Ian McGregor: Scottish born and bred

It will have its own secretariat.

The party insists that fund-raising will not be the primary purpose of the group. As part of a reform of its organisation, the Scottish party is now responsible for raising its own funds and does not pass on the money it raises to Central Office in London.

It has a greater need for funds because it is expanding its permanent staff.

Sir Ian, an American citizen, was born and brought up in Scotland and has a number of business interests here.

He recently became chief executive of Highland Express, the Scottish-based Transatlantic airline.

Other members of the group were yesterday named as: Sir Hector Laing, chairman of United Biscuits; Mr Angus Grossart, chairman of Noble Grossart, the Edinburgh merchant bank; Mr Gordon Baxter, of Baxters of Speyside, the food manufacturer; Mr Bill Hughes, chairman of Grampian Holdings and chairman of the CBI Scotland; Mr James Miller, chairman of the James Miller construction group; and Mr Mathew Goodwin, chairman of Hewden-Stuart Plant.

## Lawson warns again on danger of US inaction

BY OUR WELSH CORRESPONDENT

MR NIGEL LAWSON, the Chancellor, reiterated last night that danger to the world economy lay in US inaction rather than in stock-market overreaction. He was addressing the Confederation of British Industry's Welsh region, in Cardiff.

He said dollar instability in the early-1980s had been replaced by danger of dollar undershoot. The answer lay in the US: domestic demand there had to be dampened to cure fast-growing exports and cut import growth.

Mr John Banham, confederation director general, said the Government should:

● Rethink rating-reform plans.

● Avoid burdening industry with big electricity price rises.

He said public spending continued to rise, funded by business and asset sales: "Business rates which cost £2bn a year for services we are not receiving is not sensible." Nor was the threat of dearer electricity: the industry needed adequate profits but a rate of return two to three points above that on gilts seemed more appropriate than government proposals.

Mr Lawson said the government had created a climate of low inflation, free markets, minimised exchange-rate volatility and cut tax. Building on that was for managers and workers; industry had to identify and provide future skill needs.

## Ethical funds analysed

By Eric Short

A COMPREHENSIVE guide to the various ethical funds available to investors has been published by Eiris Services, of London, formerly Ethical Investment Research Service.

Many investors have been increasingly concerned in recent months about the use to which money is put when they invest, although the level of concern is far short of that expressed by US investors.

In response to demand six ethical funds, mostly unit trusts, have been launched in the past few months. They are claimed, in varying forms:

● To offer socially-responsible investment.

● To eschew companies involved in what are regarded as unethical industries, such as armaments, tobacco or alcohol, or which trade with regimes considered oppressive such as those in South Africa or Chile.

Mr Peter Webster, the company's executive director, said the funds' development emphasised the growing importance of ethical investment, with increased choice sharpening competition.

However, he said ethical or socially-responsible investment could easily become another marketing gimmick, unless investors were discerning and willing to question funds on their ethical policies and their methods of researching companies' suitability

His company had sent a questionnaire to each fund manager on aspects of the fund such as underlying investment philosophy. The guide gives the responses, and details of composition of advisory panels and reference committees advising and monitoring funds, and of the funds' charges.

The company wanted to know, in particular, how fund managers drew the line in particular companies; how they could keep in touch with the fund's investment policy; whether investors were involved in policy decisions; and, how investors could object to a fund's holding.

*Choosing an Ethical Fund – The Eiris Guide; Eiris, 401 Bondway Business centre, 71 Bondway, London SW8 1SQ; £2.*

## N Ireland pyjama maker expands

H.G. PORTER, a pyjama maker of Strabane, Northern Ireland, announced the creation of 50 jobs yesterday as it celebrated 80 years' business with the official opening of a 10,000sq ft, £750,000, extension.

Products of the company, backed by the Northern Ireland Industrial Development Board, include Pierre Cardin-label pyjamas.

# CEGB offers 11% rise for long-term supplies

BY MAX WILKINSON, RESOURCES EDITOR

THE CENTRAL ELECTRICITY Generating Board is to offer an 11 per cent increase in prices to private sector companies wanting to offer it long-term power supplies.

The announcement yesterday of improved terms follows the Government's earlier decision to force up electricity prices by imposing a higher rate of return on the industry.

Mr Cecil Parkinson, the Energy Secretary, said last month that higher returns were needed to promote future power station investment. However, the move is widely seen as a preparatory step towards electricity industry privatisation later in this parliament.

Yesterday, Mr John Baker, managing director of the CEGB, said the improved terms resulted from a proposed change to next year's bulk supply tariff, which sets out the prices at which the board supplies electricity to the 12 area boards for distribution.

Under the 1983 Energy Act, the CEGB must offer to buy electricity from the private sector at a price equal to the costs it would have incurred in generating the same amount of power. This price is in practice governed by the bulk supply tariff.

In addition to a proposed 8 per cent increase in the tariff, the board has decided to alter its composition in a way particularly beneficial to private generators.

Following recommendations by Price Waterhouse, the accountants, the board has decided to raise the capacity charge in the bulk supply tariff by 30 per cent. This charge is paid to private generators which agree to provide electricity during the peak demand period.

The payment is supposed to reflect the saving to the CEGB from not having to build extra generating plant to meet peak demand, and will now rise from £34 per kilowatt of capacity to £43.50 a kW.

Mr Baker said yesterday that this rise should be a significant encouragement to the five groups that have expressed an interest in producing electricity and selling it to the board. Two of these proposals – for a 300MW combined cycle gas plant at Poole in Dorset and for the refurbishment of three disused Welsh plants – were at an advanced stage, Mr Baker said.

In addition to the capacity charge, the CEGB would pay private generators on the assumption that coal cost them £35 per tonne.

# Row over Cockfield complaint

BY PETER MONTAGNON, WORLD TRADE EDITOR

A ROW broke out yesterday between the Government and the European Commission over a complaint this week by Lord Cockfield, Britain's senior EC commissioner.

He had said Britain had adopted a negative attitude to *Europe's plan to develop a common internal market by 1992.*

Lord Young, Trade and Industry Secretary, yesterday wrote to Lord Cockfield accusing him of misrepresentation in a speech on Thursday. In this Lord Cockfield had attacked the Government for wanting to opt out of Europe and retreat behind its fortress walls.

*The Secretary of State, in his* letter made public by his department, said Britain was committed to securing a single European market in spite of Lord Cockfield's assertion that it was intent on simply picking and choosing the parts of the internal market it happened to like.

Lord Young said: "Completing *the single market will mean* a large number of individual measures which member-states will have to negotiate and decide.

"I cannot accept that there is a single Commission package which we will have to take or leave. But this in no sense represents an unwillingness of Britain to play its full part in the completion of the single market."

*The letter replied to the speech by Lord Cockfield,* a former Tory Cabinet minister, to the European League. He had accused Britain of first blocking then *eviscerating a proposal to allow* free movement of citizens across frontiers which was central to further Community integration.

Lord Young told Lord Cockfield: "Anyone who has read the texts of both your speech and mine at Chatham House last week must be struck by the strength of our shared belief that completion of the single market is now inevitable and that the remaining barriers will be removed during the next five years.

"But I think they will also be struck by the extent to which your comments misrepresent what I actually said."

# Manchester to cut 4,000 jobs

RATE-CAPPED MANCHESTER city council is to cut nearly 4,000 jobs to meet its spending targets next year. Next week its full council will be asked to approve a £39m savings-package affecting all corporation departments: education will be worst hit, with the equivalent of 541 teaching and lecturing jobs lost.

A special committee meeting of the left-wing Labour-controlled council *approved the cuts* yesterday but said there would be no compulsory redundancies among the 40,000workers.

*The education budget faces* cuts of nearly £20m; £6.5m will be trimmed *from social services;* some residential homes outside *the city will be closed.*

The Labour leadership said "front-line" services would be defended. Cuts in jobs would be met by early retirement, voluntary redundancy and redeployment to fill existing vacancies where possible.

Mr Graham Stringer, council leader, blamed *the crisis on cuts* in government grants to the city totalling £600m over the past eight years.

He said: "The Government is now twisting the knife in the wound by rate-capping Manchester. Every test, particularly levels of unemployment and social deprivation, proves that Manchester needs better services, not worse.

"But all the city council can do at this stage is to defend vital front-line services, and make *savings where they will do least* damage. But there is no doubt there will be some damage to services."

After yesterday's meeting of the policy committee the Tory opposition attacked the Labour leadership for cutting essential services instead of "political pet projects" including staff employed on equal opportunities, police-monitoring and gay rights.

Mr John Kershaw, Tory financial spokesman, said: "What happened today was brought about by the financial mismanagement of the left-wing *administration* in control for the past three years.

"In *view* of their completely irresponsible action they have lost hundreds of millions in government grants and that will *continue into the future.*"

The council must save a total £110m next year. Talks on details will be held with town-hall unions.

# Post Office freezes prices until March

By Terry Dodsworth

THE POST OFFICE has decided to freeze prices on its letters and parcels services for the next three months, Sir Bryan Nicholson, recently appointed chairman, said yesterday.

In his first significant announcement since settlement of the postal workers' pay dispute, Sir Bryan said first and second-class letter prices would be held at 18p and 13p respectively until the end of the corporation's financial year in March. No decision had been made on *prices beyond then.*

His statement came as the Post Office appeared to be heading for another record Christmas.

*He said: "With just two weeks* left to Christmas, all the signs are that the Royal Mail will be handling more Christmas cards *and parcels than ever before,* fuelled by value-for-money postal prices."

The Post Office expects to handle 1.5bn items from the beginning of December against 1.4bn in 1986, putting this year's volume increase slightly above the 5 per cent average rise it has achieved in recent years.

The increases are largely put down to the policy of holding price increases under the rate of inflation. Since the Post Office developed that approach five years ago, mailing prices have fallen by 11.5 per cent in real terms.

The price of a first-class stamp was last raised in October 1986 and the second-class stamp at the end of last year.

# Member of Fimbra 'in breach of body's rules'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THOSE in control of London & *Norwich Investment Services,* a member of the Financial Intermediaries, Managers and Brokers Regulatory Association, are *alleged to have conducted the* company in breach of Fimbra rules to acquire money from the public.

*The allegation is made in a* petition by Lord Young, Trade and Industry Secretary, for the compulsory winding-up of the company in the public interest.

The High Court yesterday rejected an application by the company for orders removing the Official Receiver as provisional liquidator and dismissing the petition.

After a three-day private hearing, *Sir Nicolas Browne-Wilkinson,* Vice-Chancellor - senior judge of the Chancery Division – gave his judgment in open court "so the general public can be aware of what has been happening."

The judge said that, until June, *the company had carried on* business in a small way, as a member of Fimbra, with no suggestion of impropriety.

*In June all the company's* shares were acquired by Palmer Financial Corp, an US company, part of a large group, another member of which was Silverton Industries Inc, of which Mr Pattinson Hayton was a director.

On June 25 Mr Hayton, and subsequently Mr Neil Miller, became directors of London & Norwich.

*Very shortly afterwards* the company's mode of business started to change, the judge said. The business largely became the *placement on the UK market of* a very large number of shares and debentures in Silverton.

As a result of information received, on November 5 the Trade and Industry Secretary ordered an investigation.

# Banking complaints rise

BY RICHARD WATERS

THE NUMBER of complaints made to the banking ombudsman, Mr Ian Edwards-Jones QC, rose sharply in the year to September 30, according to the ombudsman's annual report published yesterday.

*Rather than reflecting a deterioration in service by banks,* the rise – from 782 to 1,748 – was put down to more publicity about the ombudsman and the fact that the comparable figures for 1986 covered only nine months. A total of 222 of the complaints this year led to "substantive investigation."

Automated teller machines were the most frequent cause of unhappy customers, responsible for 13 per cent of complaints. Bank charges accounted for 9.4 per cent while 8.5 per cent were prompted by refusal to meet the guarantees on cheque cards.

# Highland Express to go into liquidation

**HIGHLAND EXPRESS, the Scottish transatlantic airline, is going into liquidation, the Civil Aviation Authority said last night.**

**The CAA said Sir Ian MacGregor, the airline's executive chairman and former chairman of British Steel and the National Coal Board, told it the company had failed to raise extra finance.**

***Highland Express,* which employs about 200 people, started transatlantic flights in June between Prestwick Airport and New York, using a Boeing 747 jumbo jet. For the past two weeks its only aircraft has been undergoing routine servicing in Brussels.**

**At a shareholders' meeting yesterday, Mr Christopher Morris and Mr Robert Wight Wilson of Touche Ross, the accountants, were appointed joint liquidators of the company.**

**There was no reply last night at the company's check-in desk.**

**A switchboard operator at Prestwick said the airline's telephones had been left off the hook.**

**Sir Ian, who took over as executive chairman and chief executive only last week, and Mr Standish O'Grady, the managing director, were expected to arrive at the airport last night to speak to staff.**

**No flights were planned until December 16 when the 747 was due to return from engineers at Sabena, the Belgian national airline.**

**The news came on the day that the Scottish Tory Party *said Sir Ian was to be one of* its 16 advisers on industrial matters and the economy.**

**Mr Alex Pagett, the party's *director of communications,* said: "Sir Ian was approached because he is Sir Ian - he is a very successful businessman in his own right. It is most unfortunate the company has run into these difficulties.**

**"But no one, including him, was in any doubt that it was a high risk venture he was embarking upon."**

# Bank to offer £1bn of gilts to weak market

By Simon Holberton

**THE BANK OF ENGLAND yesterday suprised the gilt-edged market by saying it would offer £1bn of convertible gilts for sale by tender on Wednesday.**

**Prices on long-dated gilts, which have been weak over the past days, fell further on the announcement and closed more than 1½ points lower to yield 9.86.**

**The Bank, which has been under no serious funding pressure, is thought to have judged that this was the best time to issue stock given that opportunities to do so would be limited over Christmas and New Year.**

**Mr John Shepperd of Warburg Securities said: "It is the most popular stock they could have offered under the circumstances, but the market is very weak."**

**The offer is of £1bn of 8 per cent convertible Treasury *1990, convertible on* four six-monthly intervals from 16 July 1988 into 8½ per cent Treasury Loan 2007.**

# Allied Lyons merger move

By Lisa Wood

**ALLIED LYONS, the food and drinks group, has taken a first step in merging its Allied Vintners and Hiram Walker operations.**

**Last month Allied announced it was spending £572m buying out the 49 per cent it did not already own in Hiram Walker, the Canadian drinks business, from an off-shoot of Olympia & york.**

**As a first step in merging *the operations a new company is to be formed,* called Allied Distillers, which will bring together the whisky *operations* of Allied Vintners and Hiram Walker.**

Alice Rawsthorn on the background to Sears bid for Freemans

# The new order of mail order

IN THE late 1950s and the early 1960s the spectre of Sears cast a *shadow over many a boardroom.* These were the years in which the late Sir Charles Clore emerged as a master in the art of the takeover bid by buying the businesses that were to become the Sears empire.

Today the tables have turned. *In the past year or so Sears has* become the butt of bid rumours. The news earlier this week that Mr Robert Holmes a Court, the troubled Australian *financier,* had sold his shareholding to the Egyptian Al-Fayed family has not entirely succeeded in squashing the takeover *speculation.*

In this context, it could be tempting to interpret the £430m bid mounted yesterday by Sears *for the Freemans mail-order* house as no more than a defensive ploy. But to do so would be erroneous. To a multiple retailer *such as Sears the logic of acquiring* a well managed mail-order business, like Freemans, is inseparable.

*The chief attraction of mail* order for a retailer is that it offers an opportunity to nurture a new source of business through *a chain of stores in which it has* invested years of effort to establish a recognised force in the high street.

*It would be almost impossible* to set up such a business from scratch. Mail order is not only an extremely complex industry but the cost of establishing the necessary computer and stock control systems would be prohibitively high. The simplest solution is to buy into the industry, as Next did in its merger with Grattan last year.

Sears is attempting to enter the mail-order market at a time of intense change for the industry. Mail order flourished with *the fortunes of its working class* customers in the 1960s and 1970s and floundered when these same working class customers bore the *brunt of the slump in the early* 1980s.

Since then the "big five" businesses which dominate the industry have hauled themselves out of the doldrums. GUS and Freemans have fared best, steadily increasing market share throughout the decade. Grattan floundered in the early 1980s but has staged a remarkable revival. Littlewoods and Empire have seen their shares of sales decline, but have both improved profitability.

All five have benefited from structural changes such as improving stock control and eradicating weak agents. Moreover, the industry has followed Freemans' lead in introducing telephone ordering, a system that is more convenient for the customer and more efficient for the company.

These changes have steered the industry towards recovery. *Yet mail order is still burdened* with a dowdy and downmarket image and faces the critical problem of its failure to attract new *customers.*

In recent years this problem has been compounded by increased competition within the retail marketplace. In the 1980s the "retail revolution," which spruced up the high street, has left mail order looking drabber than ever. Moreover, the explosion of consumer credit has eroded the industry's chief competitive advantage.

The mail-order companies have responded by attempting to improve the design of their catalogues. Grattan and Freemans are generally deemed to have been most successful in this respect. But the main thrust of to attract customers has been the "specialogue."

The specialogue is a specialist catalogue devised to appeal to a tightly defined group of consumers. Several mail-order houses have *forged* links with retailers to develop these new catalogues. Freemans has liaised with, and has eventually acquired, Warehouse, *and Empire works* with the Burton Group.

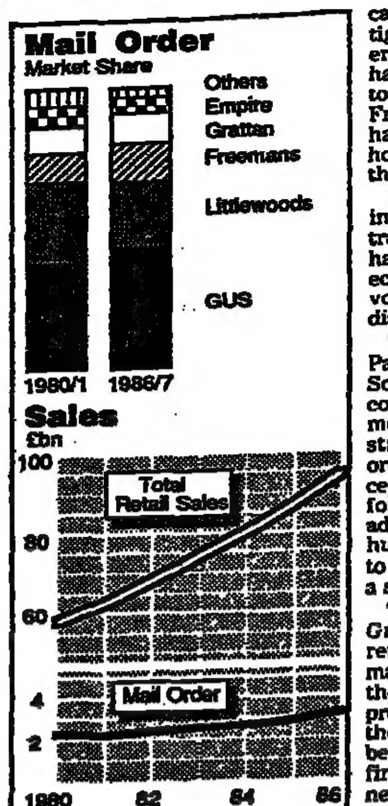
But specialogues are still small in scale. Moreover, there is a con*tradiction for companies, which* have traditionally relied on the economies of scale inherent in volume sales, in developing more discrete businesses.

To industry observers like Mr Paul Deacon, an analyst with the Scrimgeour Vickers stocking company, the Grattan solution of merging with a high-profile high street name, to present mail order as an exciting new concept, is the most sensible option for the industry. He cites the additional advantage for a cash-hungry business like mail order to be able to turn to a retailer as a source of capital.

The theory behind the Next-*Grattan* liaison is that the retailer's flair for design and marketing can be combined with the mail-order house's systems to *produce a new catalogue bearing* the Next name. This theory will be put into practice when the first Next catalogue is introduced next month.

Sears, at least, is convinced that it can achieve the same synergy with Freemans by introducing its Olympus, Miss Selfridge and Wallis retail chains to the mail-order sphere.

The only obstacle is that the Freemans board, which responded to the bid with a vigorous rebuttal yesterday, disagrees.




# Guinness spirits arm cuts 250 Scots jobs

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

*UNITED DISTILLERS,* the spirits subsidiary of Guinness, said yesterday it was rationalising the company, which will mean the loss of 250 jobs in Scotland.

It is to shut the Caledonian distillery in Edinburgh, one of *the four grain distilleries of the* company, which was created recently from the former Distillers and Arthur Bell groups. The closure, *to take place in March,* will mean the loss of 148 jobs.

In addition, it is ending cask blending operations at Dewar's in *Perth,* and running down green malt processing at its plant at Kirkliston near Edinburgh. Instead green malt processing will be centralised at the modern Glenesk maltings at Montrose in Tayside.

The grain distilleries are large-scale bulk producers of light whisky for blending with malt whiskies. The closure of the Caledonian distillery means that United Distillers' three remaining grain distilleries will return to full-time working for the first time in seven years.

United Distillers said yesterday that it would continue to seek further reductions in its 6,500-strong workforce, largely through voluntary redundancy and early retirement. It would be investing more than £10m in modernising bottling and grain distilling processes.

The company, which is based in Edinburgh, said that it needed to make its production base more efficient as it concentrates its efforts on strengthening the international marketing of its whisky brands. It decided to make the closures because it concluded from its forecasts of demand for whisky in the coming year that it had considerable overcapacity.

Mr Campbell Christie, general secretary of the Scottish Trade Union Congress, said that it was a "source of bitter disappointment." But he praised United Distillers' "new attitude towards selling whisky and creating and safeguarding jobs," which contrasted with the lack of dynamism of the old DCL.

# Bill sets out legal definition of whisky

BY TOM LYNCH

A *PRIVATE* member's bill setting out a legal definition of Scotch whisky to prevent undercutting by cheaper imitations *was given an unopposed second* reading in the Commons yesterday. However, critics threatened to wreck it at a later stage if the *promoters do not agree to significant changes.*

Mr Bill Walker, Conservative member for Tayside North, sponsor of the Scotch Whisky Bill, said it was expected the European Community would produce a definition of whisky which might be less strict in terms of ingredients and maturation period than traditional whisky.

His bill would prevent the manufacture of any whisky other than Scotch in Scotland because of fears that "Euro-whisky" could be marketed as "whisky produced in Scotland," with consequent damage to an industry netting £1bn a year in export sales and £1bn in Exchequer revenue, as well as employing 16,000 directly.

Mr Walker said: "The Scotch whisky industry is much too important to Scotland for anyone to treat it in a cavalier manner. Unlike coal and oil, whisky as presently manufactured and sold worldwide by the Scotch whisky industry can go on forever - it is not a finite resource - it is renewable.

"We are determined to ensure that there is no way in which Scotch whisky can become a type of whisky that can be produced anywhere." He argued that whisky should have the same protection given to champagne since 1934.

However, his bill met with resistance from Labour MPs concerned about the clause giving ministers power, by laying an order before parliament, to specify a minimum strength for whisky.

Mr George Foulkes, whose Carrick, Cumnock and Doon Valley constituency is a large bottler and blender of whiskies sold at 37.2 per cent alcohol by volume as opposed to the normal 40 per *cent, said the general power* granted to ministers would enable multinationals to press for a floor of 40 per cent.

*He did not carry out his earlier* threat to block the bill but said he would seek to amend it during its committee stage and hinted at wrecking tactics if account was not taken of the producers of low-strength whisky.

However, other Labour MPs argued for the minimum strength to be set at 40 per cent. Mr Martin O'Neill, member for Clackmannan, said the industry was being undermined by inferior foreign products.

**A PRIVATE member's bill to impose regulations for the welfare of deer at slaughterhouses was talked out by opponents in the Commons yesterday.**

**Miss Emma Nicholson, Tory member for Devon West and Torridge, had less than half an hour at the end of yesterday's proceedings to convince MPs to give the Slaughter of Deer Bill a second reading.**

**Mr Donald Thompson, junior agriculture minister, expressed the Government's support for the bill but Mr Robin Cook, Labour MP for Livingstone, said it sought to legislate specificially for Scotland where abattoir slaughter of deer is illegal.**

**Sir John Farr, Conservative member for Harborough, protested that it was impossible "to crate deer round the country like cattle, sheep or pigs to slaughterhouses without any ill effect."**

**As other MPs with animal welfare interests waited to speak, the bill ran out of time. It now goes to the back of the queue for private members' bills and has virtually no chance of becoming law.**

# Baker urges parents to take on educational role

BY PETER RIDDELL, POLITICAL EDITOR

PARENTS MUST face up to their responsibilities in education if schooling is to be successful, Mr Kenneth Baker, the *Education* Secretary, urged last night.

Mr Baker said in a lecture in Crawley, West Sussex, that while the Government's education reforms would give parents greater power, the other half of the equation must be that parents assume greater responsibility.

Unless parents accepted that they were the first educators, he said, "the formal education system is reduced to being just another agency of the state coping with social casualties. Parents' rightful contribution to the teaching of values and education of their children can no longer be shuffled off on to teachers and schools, as it so often is."

Mr Baker said that, "for too long we have accepted socio-eco*nomic excuses for why families* should not be doing certain things." He rejected this view, pointing to the increasing aca*demic success of Asian and Vietnamese* children as evidence that aspiration and achievement are not the preserve of any single race, class or family stereotype.

Earlier yesterday, addressing an Industrial Society conference on local financial management *in schools, Mr Baker said that he* was looking in his reforms for maximum delegation of decision-making to schools.

He stressed the need for a wider range of people to become school governors. Mr Baker also highlighted the role of local employers, arguing that it was in the interest of business to become involved in the life of local schools.

Mr Baker said September 1989 was a realistic target for the submission to him of local education authority schemes for financial delegation to schools. He expected authorities to have an action programme, leading to full implementation by the early 1990s.

Recognising the initial costs of developing the necessary management *information systems* and of training, Mr Baker said the Government would be bringing forward proposals to help authorities and their *schools* with start-up costs. In the long term, there would be offsetting savings in central administration costs, he forecast.

# IBA move over access

BY RAYMOND SNODDY

THE Independent Broadcasting Authority yesterday said it would try to create an agenda for the resumption of negotiations between the ITV compa*nies and independent producers* over access to the ITV network.

The aim is to get the two sides together again at a meeting already scheduled for December 22.

Seven months of negotiations broke down this week amid acrimony and accusations of bad faith on both sides.

The main sticking points are *arrangements* for production fees – the independent producer's profit – and rights to share in the overseas exploitation of programmes made for the ITV network.

# Brewers dispute charge of 'complex monopoly'

BY LISA WOOD

THE BREWERS Society yesterday strongly challenged the provisional findings of the Monopolies and Mergers *Commission* that a complex monopoly may exist in the brewing industry.

Brewers yesterday received the 100-page findings of the commission, which is investigating the industry, requesting their submissions. The commission will then decide whether the complex monopoly is against the public interest.

*A complex monopoly exists* where a single business has a total monopoly of supply and cannot be challenged, and there *is no alternative product.* The commission will have been looking to see if the brewing industry has restrictive practices.

# Sale shows second miss by Sotheby's

BY ANTONY THORNCROFT

A PORTRAIT of Pope Clement VII, painted by Sebastiano del Piombo in about 1532, was sold *for £418,000 at Christie's yesterday.* In June, the same painting went to a dealer for just £187 at Sotheby's Chester saleroom.

It is the second time this week that a sale has shown Sotheby's to have missed an important Old Master. On Tuesday, Phillips sold a painting of the Holy Family with St Lucy by Annibale Carracci for £847,000. At an open day in Bournemouth this sum*mer Sotheby's* said it was worth about £400.

Sotheby's said it will pay undisclosed compensation to the *vendor of the Chester sale after* admitting it mis-catalogued the del Piombo painting as a 19th century copy by an unknown artist.

The scale of the compensation *has yet to be decided but it must* be at least £200,000. Sotheby's has no excuses. A label on the reverse of the canvas carried the provenance of the Earls of Pembroke, and Christie's traced the painting back to an auction it held on the premises at the Earl of Pembroke's London home at 7 Carlton Terrace in 1851 when it was unsold at 180 guineas. (On that occasion the saleroom got the artist right but the Pope wrong: he was designated as Leo X.) In 1861 Christie's sold the picture for 295 guineas.

*Christie's auction of Old Masters* was encouraging, with a total revenue of £4,458,418, and 25 per cent unsold, which was largely attributable to a painting of Justice returning to the skies by *the 17th century Italian artist* Salvator Rosa, bought in at £320,000.

A Canaletto view of the Grand Canal in *Venice* trippled its estimate to £528,000, and a portrait of a young lady playing a harpsichord painted in 1648 by Hendrick *Maertensz* Sorgh made £418,000, against a £70,000 top estimate. In 1959, Sotheby's sold it for £1,400.

● The bowler hat and cane worn by Charlie Chaplin in many of his films, including The Great Dictator, sold for £82,500 at Christie's South Kensington yesterday in a sale devoted to Chaplin artifacts. It was bought for an entertainment centre in Copenhagen. The auction room was expecting bids of up to £15,000.

Chaplin wore many hats and canes during almost 30 years in which the Chaplin Studios functioned, but this set carries the authentication of *the* studio manager, Alfred Reeves.

Chaplin's boots, a worn pair made of leather and lined with cotton, with the heel of the right one adapted for "stunts," sold for £38,500, also way above esti*mate,* to a Swiss museum. Again there is a letter confirming that Chaplin wore this pair in most of his films.

**Sotheby's postpones share offering, Page 8**

# Treasury unveils big pay offer for civil servants

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE TREASURY yesterday unveiled a big pay offer for lower-grade civil servants under which demarcation barriers would be swept away and some 200 separate grades would be reduced to just five.

The changes would make existing jobs like messenger, security officer and driver much less vulnerable to contracting-out to private agencies.

The offer was the second radical pay deal tabled by the Treasury this week. Last Monday, details were published of a proposed long-term agreement for more than 55,000 tax staff.

Unlike that package, which includes performance pay, possible regional pay variation and annual comparability studies, yesterday's offer to the Civil Service Union is essentially a flexibility deal.

Eventually, it would apply to about 17,000 office support staff. They would be regrouped into the five grades so that, subject to ability, they could perform a "range of duties" requiring a "range of skills."

The Treasury said there would be savings from rationalisation of jobs and from abolition of a complex system of skill and responsibility allowances.

For the CSU, which has seen its membership among government department cleaners virtually eliminated by contracting-out, the deal offers both a defence against contractors and relatively large pay increases.

Mr John Sheldon, CSU general secretary, said: "This is a major breakthrough for us."

Staff would move on to the five grades in three or, in some cases, four stages: an average rise of 3 per cent on January 1, an average 6.5 per cent next April 1, an average of just under 2 per cent on January 1, 1989, and a average 1.25 per cent for some on January 1, 1990. An annual settlement would next be negotiated in April, 1989.

A messenger at present earning £5,686 a year, the top of the scale, would by April 1989 be designated "support grade 2" and be able to move by three annual increments to a scale maximum of £6,900.

The deal would leave some clerical civil servants lagging behind support staff in pay terms. This could be a big embarrassment for the CPSA clerical union and the SCPS middle-management union, with which the CSU is merging on January 1.

# Miners' election clear to go ahead

By Charles Leadbeater

**THE National Union of Mineworkers' presidential election is set to go ahead after the unions South area yesterday *decided* not to proceed with a legal challenge to the way the union's national executive committee sanctioned the ballot.**

**A delegate conference recommended the area should not nominate a candidate for the election, despite pressure from three lodges to recommend Mr Arthur Scargill, the union's president. The move by one of the union's traditional left-wing areas will be widely seen as a snub for Mr Scargill.**

**South Wales NUM leaders said the union's legal advisers believed there was a strong possiblity that a court would grant an injunction delaying the *election.* Area leaders believes the union's national executive committee pre-empted the NUM annual conference's rights.**

**The area's 10,000 miners are to ballot on whether to escalate the union's ban on over time coal production in protest at British Coal's revised disciplinary code.**

# LEAs oppose regional pay for teachers

BY OUR LABOUR CORRESPONDENT

EDUCATION authorities in England and Wales are urging the teachers' interim pay advisory committee not to recommend the introduction of regional pay variation.

In their written evidence to the advisory committee, the authorities say consideration of regional variation should await the outcome of the general pay policy review being undertaken by the *Local* Authorities Conditions of Service Advisory Board.

Meanwhile, the authorities say, "the employers' preliminary view is that explicit regional pay rates would tend to be blunt instruments."

The Government has asked the advisory committee to give specific consideration to regional pay variation for the 400,000 teachers. Mr Kenneth Baker, Education Secretary, is expected to give evidence in support of the idea.

The authorities say, however, that regional rates would cause problems at the boundaries of any zone set; that they would not help national shortages of particular types of staff; and that staff turnover rates may vary sharply within regions and even within authorities.

The written evidence cites an employers' survey in 1985-86, showing teacher turnover ranging from 7.7 per cent to 32 per cent in London and from 3.4 per cent to 14.8 per cent in the north west.

The authorities want greater flexibility to allocate teachers' incentive allowances and to accelerate the award of pay increments. They also want clarification that non-pay benefits such as mortgage subsidies can be awarded outside the teachers' statutory pay framework.

Mr Baker has set a cash limit of £300m on the advisory committee's recommendations for *next April's pay settlement,* equivalent to a general rise of less than 5 per cent.

The authorities say the continuing effects of the revised salary structure, introduced two months ago, will mean further increases worth 1.3 per cent. They therefore calculate the total average rise as 5.7 per cent.

- Allowances for local government white-collar workers in the London area are to rise by an average 7.5 per cent under an agreement which also provides for a review of the London weighting system.

The rise, backdated to July 1, will increase the allowance for inner London to £1,500 a year, for outer London to £792, for an *inner fringe* area to £357 and for the outer fringe (including Guildford in Surrey, St Albans in Herts and Brentwood in Essex) to £243.

The review will be conducted before next April, "having regard to available data on recruitment and retention, finance and cost."

# Rail union in merger talks with seamen

BY JIMMY BURNS, LABOUR STAFF

THE National Union of Seaman and the National Union of Railwaymen are to begin formal discussions next month on a proposed merger.

The initiative forms part of a continuing reorganisation of the *trade union movement in* response to a changes in the labour market and adverse political conditions.

Informal talks on a proposed merger between Mr Sam McCluskie and Mr Jimmy Knapp, general secretaries of the NUS and NUR respectively, first got underway at the TUC annual conference in Blackpool in September.

Both unions have experienced declines in membership in recent years. They hope to build on their traditional links in catering, ferries and ports, and within the International Transport Federation, and to bury their differences *on issues like the Channel* Tunnel.

The leaders of the two unions issued a joint statement yesterday reporting satisfaction with "progress so far" on the talks.

The possibility of a merger is felt to be strong, given the close personal and political links between Mr McCluskie and Mr Knapp.

They are both firm supporters of Mr Neil Kinnock, the Labour Party leader.

The NUR, which has 120,000 members, yesterday denied that a merger with the NUS – membership about 18,000 – meant it would no longer seek to *strengthen its ties* with Aslef,the train divers' union.

Joint working groups formed by the NUR and the NUS are to discuss constitutional, financial, and administrative arrangements with the aim of having a draft merger proposal ready for debate by their respective annual conferences in May and June.

The TGWU transport union, also said yesterday it had held preliminary talks with the NUS, although no similar progress towards a possible merger appears to have been made.

Mr McCluskie has written to his branches confirming the start of formal talks with the NUR, while also saying he remained open to approaches from the TGWU.

The NUS in particular is seeking to strengthen its industrial muscle because it faces an unprecedented cash crisis. The NUS last month announced it was selling its branch offices in Southampton and Holyhead and cutting its staff.

# Bank union halts ban on overtime at Midland

By John Gapper, Labour Staff

THIS year's long-running campaign of industrial action over pay in the big clearing banks has ended with the Banking, Insurance and Finance Union's decision to call off an overtime ban at Midland Bank.

Bifu abandoned its action over an imposed 5 per cent pay settlement after a ballot failed to produce a majority in favour of stepping up action.

Mr Steve Gamble, Bifu assistant secretary, described the ballot result as a "significant reverse" for the union, although it *had gained* 2,000 *new* members during the action. The action's failure is a setback for the union because Midland is the only major clearer where most staff are members.

The union said 46 per cent of members had voted in the ballot on increased action, but only 38 per cent of those had favoured lunchtime stoppages.

Midland was the last of the big four clearers to be beset by industrial action. Settlements were reached at Barclays, Lloyds and National Westminster after staff took action over similar imposed pay deals.

Relations between Bifu and Midland became strained during the dispute but both sides said they were now back on their former footing.

# Study contrasts methods in Britain and Sweden

BY CHARLES LEADBEATER, LABOUR STAFF

BRITISH companies' relatively low investment in training and highly-skilled labour makes them much more likely than their Swedish counterparts to cut jobs after introducing new technology, says a report by the Innovation Research Group.

It is based on case studies of 13 Swedish companies with flexible manufacturing systems and similar studies of new technology in British industry.

It says employment in the Swedish companies fell by 1.2 per cent between 1981 and 1986 and by between 8 per cent and 29 per cent in comparable British concerns. About half the Swedish companies raised employment over the period despite dramatic improvements in labour productivity.

The report says: "Unlike the UK it was felt by all Swedish companies that employment would be at least as great in five years' time, and among most companies it was felt employment would be higher. The rationale for this was that a combination of using latest technologies and the continual, and increasing, upgrading of education and skills would secure increasing company and world market share."

For most British companies,the rationale for introducing new technology was to cut labour costs.

*The Swedish Approach to the Use of Flexible Manufacturing Sytems; Innovation Research Group, Brighton Polytechnic; price on application.*

APPOINTMENTS

# British Aerospace civil aircraft posts

**Mr B.G. Thomas** has been appointed executive vice president, marketing operations, in the BRITISH AEROSPACE civil aircraft division. **Mr C.B.G. Masefield** is appointed deputy managing director, responsible for all airline and corporate aircraft business. **Mr R.M. McKinlay** becomes deputy managing director responsible for all Airbus business.

★

The BELHAVEN BREWERY CO has appointed **Mr Peter Shaw** as a regional sales director for London and the Home Counties. He was an area sales manager with Bell's Scotch Whisky.

★

**Mr R.S. Johnson** and **Mr J.M.D. Scott** have been appointed executive directors of THE HAMMERSON PROPERTY INVESTMENT AND DEVELOPMENT CORPORATION from January 1. **Mr Alexander Scott Bell** is to join the board as a non-executive director from the same date. Mr Scott Bell will become managing director of The Standard Life Assurance Company of Edinburgh upon the retirement of **Mr George Gwilt** in March 1988. Mr Gwilt will continue as a non-executive director of Hammerson. **Mr R.J.G. Richards, Mr Michael Skudder,** and **Mr G.H. Wright** have been appointed directors of principal UK subsidiary, Hammerson U.K. Properties. Mr Richards and Mr Wright also become directors of Hammerson (Amethyst), principal UK property development subsidiary. These appointments follow the retirement of executive director **Mr Freddie Ferrada** who, through his newly-formed consultancy, will continue his association with the company.

★

**Mr Christopher J. Bunker** has been appointed group finance director of the WESTLAND GROUP, replacing **Mr C.D. Verall,** who has retired. Mr Bunker was finance director of Westland Helicopters. **Dr John F. Lehman** has been appointed a director of Westland Group. Proposed by United Technologies Corporation uner the terms of the company's reconstruction of 1986, he replaces **Mr W.A. Kuhrt,** who has retired. Dr Lehman is a former secretary of the US Navy.

★

**Mr Mike Storey** has been appointed managing director of MEM, electrical equipment subsidiary of Delta Group. He was executive director, marketing, of Square D.

★

CL-ALEXANDERS LAING & CRUICKSHANK HOLDINGS, international securities arm of the Credit Lyonnais Group, has appointed **Mr Vernon Partridge** to the board. He has also been appointed head of equity research at CL-Alexanders Laing & Cruickshank, stockbroking entity within CL-ALCH.

**Ms Caroline Burton** has become managing director of GRE ASSET MANAGEMENT, a new company set up to manage security investment portfolios both of GRE's individual clients and of the group. She joined GRE in 1974.

**Ms Caroline Burton, managing director, GRE Asset Management**

★

**Mr Michael Franklin,** formerly permanent secretary to the Ministry of Agriculture, Fisheries and Food, joins the board of WHESSOE in January.

★

**Mr Tom Mill** has been appointed managing director of WEIR SYSTEMS, a new organisation in the Weir Group. He was sales director of Weir Group Management Systems.

★

**Mr Derek Maclaren** has been appointed a non-executive director of CIPFA SERVICES. He was a member of PA Management Consultants main board.

★

**Mr Colin Black** has been appointed chairman of the ASSOCIATION OF INVESTMENT TRUST COMPANIES. He is deputy chairman of Globe Investment Trust and chairman of Scottish Widows Fund. **Mr Michael Hart,** of Foreign and Colonial Management, and **Mr Neil Young** of Kleinwort Grieveson Investment Mnagaement, have been appointed deputy chairmen.

★

THE WRCS GROUP has appointed **Mr Roger Neill** as deputy chairman of WRCS Advertising, a new company. He was with Lintas International, where he was international director of client service.

★

**Mr Peter Maitland, Mr Howard Morgan** and **Mr John O'Halloran** have been appointed associate directors of LYNTON PROPERTY & REVERSIONARY. They will be responsible for new development, investment acquisition, and portfolio development respectively.

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# Useful but not dramatic

THE THIRD summit between President Reagan and Mr Gorbachev may not have resulted in any spectacular breakthroughs, but in many ways it was the most successful of the three. The world will be relieved that the two superpower leaders did not, as they did at Reykjavik in October 1986, indulge in grandiose and utopian dreams, the international consequences of which could hardly be gauged during such a short meeting. Instead, the atmosphere of the discussions was relaxed and businesslike.

Perhaps the most notable achievement of the meeting was the breaking down of the stereotypes which both the US and the Soviet Union have so carefully constructed to justify their policies and attitudes towards each other. Under the eagle eye of the all-pervasive US media, the "evil emperor" turned out to be a friendly, intelligent, impressively candid human being, whose taste for open and frank debate surprised and delighted the American public.

For Mr Gorbachev, his first visit to the US was clearly an eye opener, as it must have been to the millions of Russians watching the event on television. The warmth of the welcome he received was typically American and there was nothing of "the crazed cowboy" image so dear to the Soviet press in President Reagan's courteous and dignified treatment of his unusual guest.

"We have proven that adversaries, even with the most basic philosophical differences, can talk candidly and respectfully with one another and, with perseverance, find common ground." That statement by Mr Reagan at the departure ceremony for Mr Gorbachev was very different from the kind of things the US President has said about the Soviet Union in the past.

## Domestic reasons

Atmospherics and good personal relations do not, of course, solve fundamental problems between nations or permit political leaders to ignore their countries' national interests, but they can certainly help to lay the foundations for agreements. Both leaders have made it plain that they are seeking such agreements, particularly in the field of arms control, which was the centrepiece of the Washington summit. The signature of the INF treaty abolishing all ground-based medium-range nuclear weapons, was intended to signal to the world that Mr Gorbachev and President Reagan were serious about nuclear arms control and about the negotiation of an infinitely more important agreement on the reduction of strategic nuclear weapons (START).

However, it could well be that, for their own domestic political reasons, Mr Reagan and Mr Gorbachev showed themselves somewhat too keen to dress up the results of their discussions on START as a substantial step forward leading, they hope, to the conclusion of an agreement at the next summit, due to be held in Moscow in the first half of next year.

The instructions given to the Soviet and US negotiators at the arms control talks in Geneva are specific only on the question of ceilings for different types of missiles and warheads, but they are dangerously confused and contradictory on the controversial subject of space weapons and adherence to the 1972 anti-ballistic missile treaty.

Mr Gorbachev's apparent concession to allow the US to develop and test space weapons, while continuing to observe the ABM Treaty "as signed in 1972" and committing itself not to withdraw from the treaty for a period yet to be defined, in effect sidesteps the whole problem. It begs the question of the "broader" or more strict interpretation of the ABM Treaty. This, while prohibiting the development, testing or deployment of space-based and other anti-missile systems, also contains an annexe providing for discussions on the limitation of ABM systems based on futuristic technology. It is this last provision which has been invoked by the Reagan Administration to justify the development of the Strategic Defence Initiative.

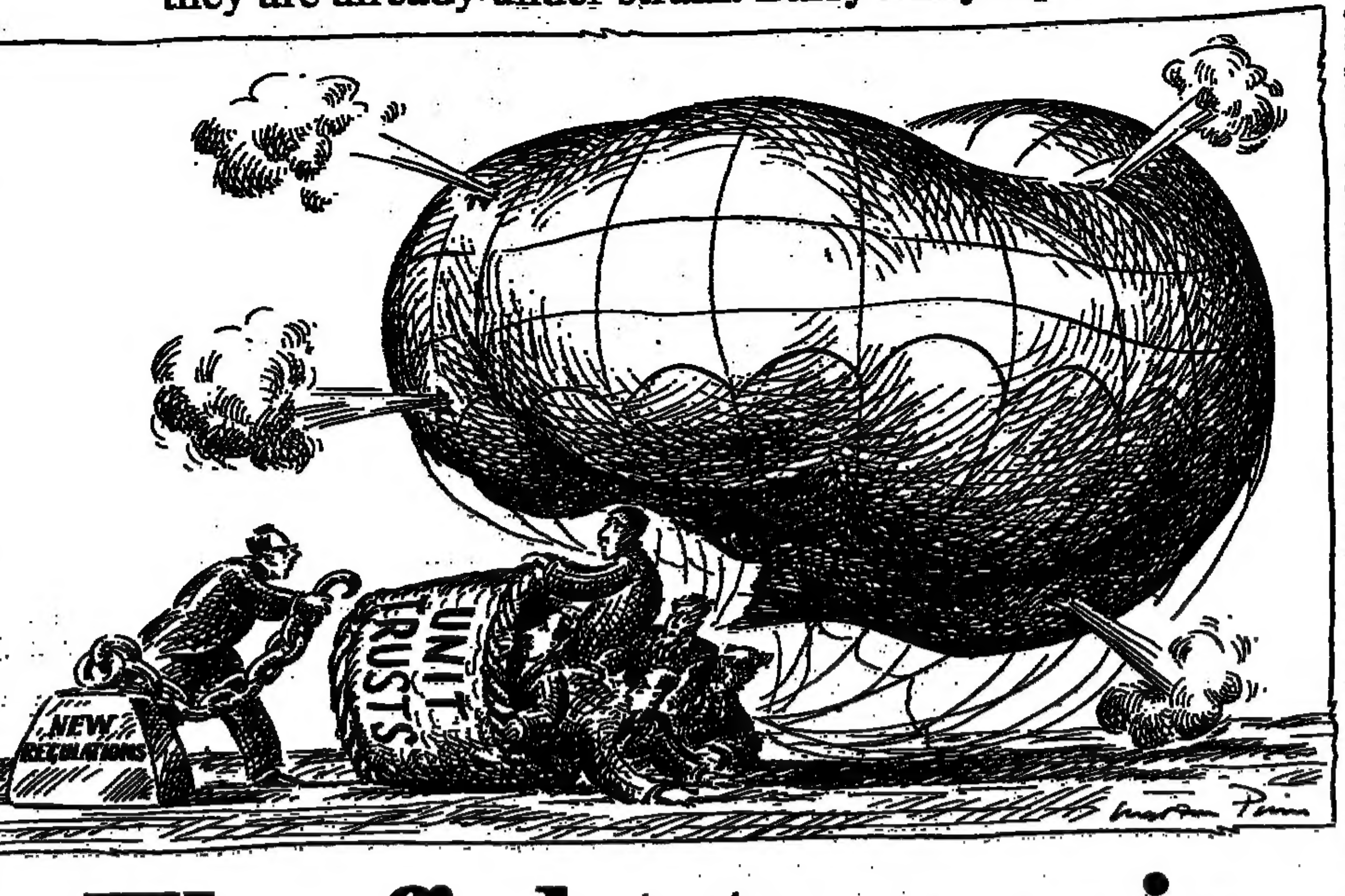
## Regular dialogue

As was made clear even before the summit, Mr Gorbachev feels that his work has been done for him by Congress's ban until the end of 1988 on the use of federal funds for any space-based defence weapons tests that would violate the "narrow" or strict interpretation of the ABM Treaty. But he has made it crystal clear that he has not dropped his fundamental opposition to SDI.

The summit's biggest failure was the lack of any substantial progress on a whole series of regional problems, particularly Afghanistan and the Gulf.

However, the two leaders, while acknowledging their serious differences on this and the whole range of regional problems, at least agreed on the importance of a continuing exchange of views aimed at settling such conflicts. That was perhaps the main lesson to be learnt from the Washington meeting. Superpower summits are undoubtedly useful even if they do not always result in major and dramatic agreements. They should form part of a regular dialogue between the superpowers. Their success should be measured by the extent to which they prepare the ground for solving international problems which, without a sharp push from the two leaders, would remain intractable.

Unit trust managers face changes in regulations at a time when they are already under strain. **Barry Riley** reports




# The fight to regain buoyancy

IN THE PAST two months the unit trust industry has felt the full power of its own cliche – that prices can fall as well as rise.

On September 30 the industry's 1,096 funds, operated by 148 different management companies, were measured at an aggregate £50.3bn. This was up a phenomenal £21bn on a year earlier, and compared with only £6.7bn in September 1982. In the first nine months of 1987 the unit trusts pulled in £5.9bn of new money, beating the £5bn attracted by the once vastly bigger building society movement.

But with the world's markets sharply lower it could be a while before the aggregate goes anywhere near the £50bn mark again. By the end of October the funds were only worth £37.4bn.

At this very time, as part of the process of implementing the new investor protection regime being installed under the Financial Servies Act, the authorities have been launching proposals for revised unit trust regulations. Theseinclude complex new rules on pricing which have turned into something of an inter-departmental hot potato.

First the existing unit trust regulators, the Trade and Industry Department, passed responsibility for framing new unit trust rules to the Securities and Investments Board, the watchdog body which has the delegated responsibility for supervising nearly all areas of investment. But the SIB's draft proposals, issued in October, for introducing measures such as so-called forward pricing created such a storm that it was announced this week that the DTI would resume responsibility for this part of the regulation of the industry.

"It will give us that bit of extra time to arrive at a solution," says Francis Maude, Minister for Corporate and Consumer Affairs at the DTI. The department will initiate consultations with the industry, with the aim, he says, of finding a solution that will last.

In theory the new rules must be ready for implementation when the new investor protection regime created under the Financial Services Act comes fully into operation next April – though some in the industry doubt the practicality of this. There are dire warnings of the effect should the final version of the rules turn out to be close to the provisional edition floated by the SIB.

"Beyond April a substantial part of the industry will cease to make profits," says Peter Scott, a director of Gartmore. "You are going to see a lot of consolidation. The number of groups could halve," says Barry Bateman, unit trust chief of Fidelity.

But Bill Stuttaford, chairman of the Unit Trust Association and also chairman of Framlington, refuses to be carried away by the post-crash gloom. "I'm quite optimistic," he says. "There's still tremendous scope because we only have about 1½m investors in unit trusts."

The scale of the about-turn in the industry's fortunes has been indicated by the above-average tumble in the shares of specialist unit trust managers. For instance, the share prices of both Henderson and GT have collapsed by two thirds compared with their 1987 highs. The Framlington share price is down by a more modest 44 per cent, still worse than the 35 per cent decline of the All-Share Index since its July peak.

The City pages have featured a string of distress stories from the industry, ranging from pay cuts at GT to this week's news of job losses at Berkeley Govett.

Such responses less than two months after the crash may seem trigger-happy but running unit trusts tends to be a feast-or-famine business. This is because the managers' three main sources of income are geared towards high and rising markets.

In good times, much of a unit trust management company's income derives from the front-end load on sales. This is commonly 5 per cent, of which 3 percentage points is passed on to an intermediary if there is one. The company may have to pay other marketing costs, such as press advertising, which may reduce the profitability of sales.

But many companies also take advantage of their ability under the old DTI rules to round up the price by as much as 1 per cent. This was designed to allow managers to quote in exact numbers of pence, but these days units are often quoted to 2 decimal places and the rounding item has become a means for companies to impose an extra, undisclosed charge of perhaps 0.5 per cent on average.

When sales are good, front-end income can be very large. Conversely, in bad times not only do unit sales dry up, but the percentages charges are applied to a lower unit price.

The second main income source is the so-called "box". This is the nickname for the stock of created but unsold units normally held for its own account by a management company. In a bull market it is usual for a unit trust company to keep its box well-filled. As prices rise, it can satisfy the orders of investors out of inventory created at lower levels, thus making a dealing profit. It can also make a turn by redeeming units held by investors and then selling them to new clients.

In general, this market-making improves the liquidity of units to the benefit of investors. It prevents the waste and expense of units being liquidated and created each day according to fluctuations in net demand; instead, dealings can be absorbed within the managers' stock.

But management of the box has become crucial for profitability, not least because unit trust managers these days often deal

## The average investor understands almost nothing about unit trust pricing

with big intermediaries. Such investment advisers may decide for instance that a North American income fund is played out but a UK growth fund is likely to be next year's winner, and they may switch from one to the other on a million-pound scale on behalf of many clients.

The box manager may not compare in glamour with the high profile unit trust marketing man or the chart-topping investment manager but, behind the scenes, he has become crucial to profitability. "There's an art in fixing your dealing price and your box management, especially if you are dealing with big intermediaries," says Bill Stuttaford.

However, box profits inevitably dry up in bear market conditions, and indeed many managers will have lost significant sums when prices crashed in mid-October.

The third source of income is from annual charges. Under the standard DTI scale in force until the early 1980s the annual deduction was 0.5 per cent, but it has since crept up to an average of close to 1 per cent. Some overseas specialist trusts charge 1.5 per cent, and a few new ones have written into their trust deeds the right to charge as much as 2 per cent, subject only to giving three months' notice to unit holders.

Income from annual charges is more stable than front-end or box revenues, but nevertheless such income declines in proportion to the drop in the value of assets during a bear market.

Modest though it is in most cases, specialist unit trust companies will have to subsist on this annual income in the immediate future. Income from the front end has slumped; although UTA figures will only show a minor, if any, net outflow of funds from the industry in November, both buying and selling of units have slumped.

Dependent on annual charges, unit trust groups will be keen to push the percentage level up if they can, although resistance from investors could be high at a time when severe losses have been suffered. M & G is one group which is currently seeking to push the annual charges of a number of its funds up from ¾ to 1 per cent.

But not many companies specialise only in unit trusts. A high proportion have interests in parallel sectors, including personal pensions and life assurance, where there are often regular purchase schemes to smooth out the intake of new money. There may also be portfolio management contracts for pension funds and investment trusts where revenues, although also affected by the level of the market, should be more stable than for unit trusts.

Paradoxically, many big financial groups are planning to enter the unit trust field at a time when existing operators are under pressure. Citicorp, Shearson Lehman and Morgan Grenfell are among those thought to be completing plans. The industry has already seen the entry of large numbers of insurance companies which now see the unit trust formula as offering tax advantages over their traditional products such as insurance bonds.

Other contenders may be attracted by the greater flexibility offered by another batch of new unit trust regulation. Next year non-securities funds will be permitted, investing in such areas as money market instruments, property or commodities.

Over the past four years the number of member firms of the UTA has climbed by half to 135 and the number of individual funds has gone up by 70 per cent. So long as new members are tapping different areas of demand the industry can continue to grow without an increase in competitive pressures. In more difficult conditions, however, it is feared that rationalisation may be around the corner.

The threat of tough new pricing regulations has therefore come at a critical time. Not only have share prices crashed, but unit trust companies are in the throes of planning to respond to European Community proposals for opening up the internal market in financial services by 1989.

"It's going to be a crucial five years for the financial services industry in Europe," says Mark St Giles of GT. "Why sap the strength of the domestic industry? Why give it all up to Luxembourg?"

The industry is resigned to losing the benefit of "rounding" which management companies may try to recoup by adding ½ per cent to the front-end load.

The real controversy, however, surrounds the forward pricing proposals, and the other attempts by the SIB to limit management companies' ability to profit at the expense of their unitholders. The longer-term possibility has been floated, for instance, that managers should operate the box not as principals but as agents for unitholders.

Under the somewhat relaxed supervision of the DTI for 50 years the unit trust industry has enjoyed a clean image. The fresh look by the SIB has, however, implied that undesirable (though not illegal) manipulation has been going on in some cases. Principally this relates to the potential for management companies to exploit time-lags between the pricing of units, on the basis of market values, and their subsequent creation some hours or (in the more irregular cases) several days later.

Managers defend their right to deal on the basis of fixed prices which are quoted in the newspapers. They argue that investors understand fixed prices but would be confused by forward prices based on closing market values. An investor could order a thousand units but would not know until later the precise price at which he had bought.

In fact the average investor understands almost nothing about unit trust pricing. He is unaware, for instance, that prices can move unpredictably, and unrelated to any underlying share price movements, from the higher "offer basis" to the lower "bid basis" which could involve a 4 or 5 per cent drop. It is a highly complex subject and the SIB has raised the possibility that the apparently straightforward fixed price can be used as a cover for profitable manoeuvrings.

Bill Stuttaford agrees that extended time lags can be unfortunate but says that improved technology and narrower price spreads will in due course cope adequately with the problems. "We ought to be concentrating our minds on closing the gap rather than changing our system altogether," he argues.

There is a sigh of relief from the industry as the forward pricing file is transferred back from the SIB to the DTI. "The atmosphere had become too confrontational," says a leading figure

Officially the DTI is taking responsibility because its decisions can be ratified more quickly than those of the SIB, which is one layer down in the bureaucracy. Privately, unit trust leaders are hoping that compromise proposals can be hammered out and that, if forward pricing comes, it will be much later than next April.

## Man in the News

### Jan Carlzon

# High-flyer who puts his trust in the crew

By Clay Harris

JAN CARLZON, president of Scandinavian Airlines System, is never short of a pithy management adage. "Run through walls" is one of his favourites. If tested, he says, many stone walls turn out to be nothing more than cardboard facades.

The dogged determination with which SAS has pursued its courtship of British Caledonian Group – in the face of sniping from British Airways and scepticism from the highest levels of a UK Government unhappy at the possibility of BCal coming under foreign control – has shown that Carlzon practises what he preaches in a best-selling management memoir*.

Persistence appeared to pay off yesterday when the Civil Aviation Authority tentatively agreed that the SAS-led recapitalisation package would leave BCal under UK control. BA, however, immediately applied to have all BCal's licences revoked, so the CAA will be forced to reconsider its view of BCal's continued UK designation.

Even though BCal has endorsed the SAS plan, under which the Scandinavian airline would pay £130m for an initial 23.5 per cent stake, BA has kept the battle going by increasing its full takeover bid to £200m.

Whatever the CAA decides, Carlzon does not intend to be diverted from his strategic plan for the 1990s: to establish operational and marketing alliances with other medium-sized airlines to preserve a wider international role for SAS in the emerging age of the mega-carrier.

Carlzon has ploughed ahead with plans for BCal because he believes criticism of SAS can be traced back to BA or its close supporters and does not reflect widespread opinion in Britain.

He finds especially ironic the attention focused on the indirect state ownership of half the SAS consortium. "We have been run as a commercial, private company since we were founded in 1946, whereas BA was a state-owned company until only a few months ago."

The Scandinavian airline had also been far ahead of BA in orienting itself to the consumer. "I know that everything we did six years ago has been copied by British Airways," he says.

After nearly seven years at SAS, Carlzon, 46, is the public face of commercial aviation in Scandinavia. When he walks through an airport terminal in Copenhagen or Stockholm, he is buttonholed by passengers who want to complain about or praise the airline's service.

The high profile, not surprisingly, has its detractors among the more dour and doubtful of his fellow Scandinavians. The Danes, especially, use the Swedish Carlzon as a focus for their unhappiness about SAS's operations.

But Terje Sunde Johnsen, SAS vice-president for strategic development, insists that Carlzon's ego is firmly earthbound. "He is using himself quite consciously as a tool to promote the company," says Sunde Johnsen, a Norwegian who joined SAS earlier this year.

From Carlzon's reputation, Sunde Johnsen had been prepared to find a marketing-oriented manager with a broad strategic outlook. "What surprised me a bit was that he has an extremely fast-working brain."

Fred Vinton, vice-chairman of the London operation of Morgan Guaranty, the US investment bank which has advised SAS on the BCal deal, made a similar discovery. "What I didn't appreciate until I met him was how quickly he cottoned on to the numbers and how quickly he grasped the complexity of the (recapitalisation) package."

SAS began in August to sound out UK Government opinion about its taking a 40 per cent stake in BCal, if the BA bid – then being studied by the Monopolies and Mergers Commission – failed to proceed. Because it was not told then to go away, SAS's determination to see the offer through has never wavered.

This is not the first time that SAS under Carlzon has tangled with a foreign government. In 1981, its pioneering stance of offering business class service without surcharge to all full-fare economy passengers blew up into a row with Air France during which Paris threatened to suspend SAS's right to fly to France.

The dispute was finally settled by a meeting between the Swedish and French foreign ministers, from which SAS's fare structure emerged unscathed.

As befits a manager who urges that "front line" personnel be encouraged to make decisions and solve problems, Carlzon has played little direct role in negotiations with BCal or discussions with the CAA. He came to London only four times. His last visit, earlier this week, was merely to exchange champagne toasts with Sir Adam Thomson, BCal chairman, when the recapitalisation plan was finally announced.

The SAS team in London has been led by Helge Lindberg, deputy president. Although he kept Carlzon informed of progress and sought his counsel, Lindberg's "recommendations were invariably accepted, because he was the man on the spot," according to Vinton.

Lindberg, 61, joined SAS at its creation and began as a crew member on flying boats along Norwegian coastal routes. As the only survivor of the 14 senior managers at SAS when Carlzon took over as president in 1981, he served as a bridge between old and new.

Although Carlzon had run Vingresor, Sweden's largest tour operator, and Linjeflyg, its main domestic airline, he needed the loyal Lindberg, as chief operating officer, to keep SAS flying while a new management team steered it from loss to profit.

Carlzon has few outside interests apart from tennis, supervising his daughter's horse riding and his half ownership of Boersen, a Stockholm cabaret restaurant.

His goal is to create a "global travel service system," including hotel accommodation and ground as well as air transport.

He looks forward to untrammelled deregulation and criticises the step-by-step approach envisaged at present by the European Community because it favours large, centrally based carriers at the expense of those on the sparsely populated periphery.

By 1995, he says, there will be only five European long-haul airlines. The day of the flag-carrier will have passed, and that of the supra-national (with SAS as the pioneer) will have arrived. But unless medium-sized airlines begin to co-operate, he warns, "there is a danger that it will be survival of the fattest, not of the fittest."

* *Moments of Truth, Harper & Row, £12.95.*

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John Lloyd looks at the difficulty of dealing with child abuse

# Care begins at home

SINCE 1974, there have been 34 separate enquiries into the abuse of children in Britain. The date is not arbitrary: that year marked the enquiry into the death of seven-year-old Maria Colwell, murdered by her stepfather in January of the previous year. The brutality of that case was shocking - though it is now becoming numbingly common. Its political and social importance lay in the way it snatched away the curtain which had covered the new and expanding disciplines of social services, and put them in the public arena. They have never been allowed to move from that position: the publication yesterday of the latest* in the dismal series of enquiry reports underscores the point.

The recent cases are sickening. In 1985 Tyra Henry was murdered by her father. A post-mortem showed severe brain injuries and 57 human bite marks: the report of the enquiry is expected next week. In the same year, Jasmine Beckford was murdered by her stepfather - battered fatally on the head. That year also saw the death of Heidi Koseda - starved to death in a locked room in her parents' Hillingdon council flat, left as a corpse for two months while the family lived on in their home.

At the same time, we hear the arguments unfolding for and against the diagnoses of Dr Marietta Higgs, the consultant paediatrician at Middlesborough General Hospital, whose identifications of child sexual abuse has already seen the taking of sides.

The abuse of children, sexually or physically, has become a contemporary panic. We are told the problem is a subterranean chasm: a 1984 MORI poll showed that one in ten children had been sexually abused. We learn that Esther Rantzen's Childline programme elicited thousands of calls. As the Kimberley Carlile report itself notes, there has been a huge increase in reports of child abuse.

There are real reservations about all of this evidence: for example the MORI poll itself has been abused. Its definition covering non-physical advances (such as propositioning) has been used as if it showed that millions had suffered incest. The fact that there are more reports of abuse does not, of course, mean that actual abuse is necessarily rising. But the impression remains strong that more children are more at risk.

Yet at the same time, the ways we approach this problem are contradictory, throwing up a dilemma which becomes more urgent as murder succeeds murder, enquiry follows enquiry. On the one hand, family values are seen as essentially private, providing sanctuary for child and adult alike, and the prevailing political culture tends to underpin this and frown on the intrusiveness of state or local agencies. On the other hand, powered by the graphic horror of the murders, the trend is towards more intervention and more intrusion.

The report "into the circumstances surrounding the death of Kimberley Carlile", published yesterday, is the latest and perhaps the most powerful of the testimonies to this contradiction. Kimberley was killed at the age of four and a half, by her stepfather, Mr Nigel Hall, currently serving a life sentence for the crime (her mother, Mrs Pauline Carlile, is serving 12 years for causing grievous bodily harm). The cause of death was a savage kick to the head. The report says that "at the post-mortem it was discovered that she had multiple bruising and scarring on various parts of her body, some of them obvious to even the most casual observer...these wounds were consistent with repeated episodes of physical abuse. At death she was dehydrated and severely undernourished."

Kimberley was not put in the care of Greenwich local authority when her family moved there from the Wirral in October 1985. Her elder siblings had been in care of the Wirral social services, and had been fostered for a period. The family was reconstituted on moving to Greenwich, with a new "father", Mr Hall. Wirral did not believe the children were sufficiently at risk to ask Greenwich to do more than "monitor" the family. Greenwich social services offered their assistance to the Carlile family, but did not press them when they did not respond.

On March 7, 1986, an anonymous caller to Greenwich social services said that neighbours of the Carlile family were worried about Kimberley because she was "being beaten (and) cries very pitifully." Mr Martin Ruddock, a team manager in the area covering the Ferrier Estate on which the Carliles lived, contacted the family to attempt to arrange a meeting: five days later, the whole family turned up at the social services department. Mr Ruddock thought that the family was a "happy" one, despite an initial impression that Kimberley was "withdrawn, sallow, pasty and still," and in spite, too, of Mr Hall telling a colleague of Mr Ruddock that Kimberley was "fouling, wetting, eating faeces and making herself sick," and that she had some bruises "due to playing and falling."

Over the next three months, Kimberley was seen again only once by Mr Ruddock, fleetingly, through a glass panel above a door at her home. His attempts to arrange a medical examination foundered. On June 8, she died, having been "tortured and starved for many weeks before."

The chairman of the enquiry, and the main author of the report, "A Child in Mind", is Mr Louis Blom-Cooper QC. He is as well placed as any lawyer in the country to pronounce: he chaired the Jasmine Beckford enquiry, and produced its report "A Child in Trust". The main thrust of the earlier report was that the social services department - of Brent, in that case - did not grasp the essential nature of the Care Order which they had taken out for Jasmine: "the making of a Care Order invests social services with pervasive parental power. By such a judicial act society expects that a child at risk from abuse by its parents will be protected by social services personnel exercising parental powers effectively and authoritatively on behalf of society. Such a child is a child in trust."

The distinction between Jasmine and Kimberley is clear from the reports' titles. Kimberley was not in trust, but she was not sufficiently "in mind" either. There were a series of failures - by the authorities, which did not liaise; by the officers, who did not intervene decisively and were not properly supervised; by Greenwich local authority, which had not instituted proper training and management structures. As in the Beckford report, Mr Blom-Cooper calls for at least a three-year training course for social workers (the minimum is presently two) and for proper in-service training.

But the central thrust of this report goes to the heart of the contradiction in society. The reluctance of social workers to get closely involved, the bias towards returning children to their families even where they might be at risk, the tendency of social workers to accept parents' assurances and not to represent the interests of the child; all point to a hopelessly split view of the best way of handling "dangerous families" - the best way to keep a child in mind.

Mr Blom-Cooper's conclusion is that the child must be more firmly protected: "The principal duty of parents...is to make their child happy. If the parent fails in that regard, there can be no legitimate objection to the welfare authorities coming in to act for the child against the defaulting parent. While acknowledging fully the proper claims of parents...we would like to see a shift - not a dynamic change, but a significant shift - towards the interests of children."

To this end he proposes an ascending series of rights for social workers, some of these wholly new: ranging from the right to enter and see the child, through a right to have the child medically examined, the right to gain a warrant to remove the child and to serve an Emergency Protection Order, to the right for the police to enter and search without a warrant. In pursuit of his "significant shift" Mr Blom-Cooper would endow the social workers - and the police, and the National Society for the Prevention of Cruelty to Children, who enjoy statutory authority in this area - with more powers.

But these powers will not stop the deaths of more Jasmines and more Kimberleys: nothing can, for some families will remain dangerous places. Nothing will alleviate the unfocused alarm we presently feel when yet another of these crimes is exposed unless we cease to transmit a divided message to the agencies of order and assistance, both to intrude and "leave well alone". Only when we feel relatively comfortable with the boundary we draw between these two opposites and accept the imperfections and sacrifices this entails, can we hope that those we rely on to reduce this danger will find their base and purpose.

*"A Child in Mind: Protection of Children in a Responsible Society", London Borough of Greenwich, December 1987.*

WE GOVERN BY SERVING

**A CHILD IN MIND**

**Main Recommendations:**

- **New powers for social workers, including the right to see a child thought to be at risk and to order a medical examination.**
- **Emergency Protection Order to replace the Place of Safety Order under which children can be removed from home.**
- **Increased training and supervision of social services staff.**
- **Fundamental review of social services departments in response to an "explosion in reported cases of child abuse".**

# Cricket appeals for neutral umpires

IT IS NOT just the climate in Pakistan that is too hot to handle at the moment. The present cricket Test Match between the host country and England at Faisalabad is, to say the least, sweaty. Tempers have always been hot in Pakistani cricket and this week they were raised to incendiary levels by the unprecedented row between England captain Mike Gatling and Pakistani umpire Shakoor Rana.

Protests about umpires are every day occurrences in Pakistan, common in India, intermittent but ferocious in the West Indies, less common in New Zealand and Australia, and regarded as part of the robust and primitive past in England. Indeed, no more than a quick glance at previous umpiring nightmares is needed to put this present trouble in perspective.

Umpires only came into existence in order to settle arguments before crowds of spectators became involved in open warfare. As the number and sophistication of the laws grew, umpires tried to keep the peace by applying them more confidently. It was rough going. Fines for riot and battery offences against umpires were common at all levels of 18th century cricket. Walk-offs, rough-ups and death threats were frequent, especially as teams took their own umpires to matches. County games did not have third party umpires until 1883, after which relations between players and umpires improved immediately.

The important questions to be asked about the fracas in Pakistan are not so much "how did it happen?" but rather "how to stop it happening again?"

A system of neutral Test umpires, like neutral umpires in county matches, is one of those steps that looks so obvious once it has been taken that it is hard to believe things were ever organised differently. It is the scale of the operation that has stopped it coming into effect before now. Pakistan wanted neutral umpires last summer in England because they distrusted David Constant, but the English cricket authorities would not stand him down. Equally, England consider Shakoor Rana, the problem umpire in Faisalabad, to be biased, but the Pakistani Cricket Board will not stand him down.

Until now the mechanics of running inter-continental shuttles of neutral umpires has proved too complicated, cumbersome and expensive. Maybe the present crisis will be the necessary catalyst for change.

The depressing fascination of the row is that it is like being reminded of the fact that the earth's crust in relation to its boiling liquid centre is only as thick as an apple's skin in relation to an apple. The potential for umpiring warfare lies just under the surface of every game and Pakistan is particularly good at bringing it to life.

The New Zealanders, usually well behaved and law abiding to the point of tedium, threatened to walk off the field in the Third Test of their 1984-85 tour of Pakistan, when an appeal for a catch behind the wicket against Javed Miandad was turned down. Their threat managed to stop play for a few minutes. In the same year Sunil Gavaskar, captain of the Indian touring team, said after the first Test at Lahore: "Despite the best efforts of the Pakistani umpires to favour the home team, we have managed to draw the Test and that is a miracle."

It is no surprise to find that the umpire who most enraged New Zealand and India that year is the same Shakoor Rana who transformed Mike Gatting from a tough but decent chap into a furious intransigent, unwilling to accept umpires' pronouncements. Shakoor Rana has a talent for that sort of thing. He is naturally controversial and the incident which caused the face-to-face exchange with Gatting is typical of his umpiring. He has a characteristic which is usually associated with minor umpires: always being at the centre of the action and if there is no action going on, making some.

In the latest case, he interrupted play while umpiring at the batsman's end, an action virtually unknown in Test matches. He said Gatting was trying to distract batsman Salim Malik by moving a fielder. Gatting made the change after the bowler had started his run up, as Test captains often do, notably Pakistan's Miandad. But umpire Rana called dead ball and accused Gatting of cheating – although Malik endorses Gatting's claim that he was notified of the move.

However bad an umpire Rana may be considered, the fact remains that he is the umpire and as such above argument, despite his fondness for involving himself in controversy.

One of the reasons for all this ferment is that both sides have been playing cricket pretty well non-stop since early summer. It is too much. Annoyances become real grievances when you have been bowling or batting against them all summer, and umpiring grievances quickly become intolerable. Modern cricketers play too much cricket; that is the one thing on which they all agree.

With the exception of those in England, modern umpires get too little first-class cricket and the lack of practice does nothing to improve their performance. Rana, for instance, is part time like all Pakistani umpires. England is the only country with full-time professional umpires, and even they sometimes find the pressure at Test level too much to bear.

In 1973, Arthur Fagg became the first Test umpire ever to refuse to go on because of trouble on the field of play. He was angry at the way the West Indian Rohan Kanhai swore and gestured at one of his decisions on the third day of a Test at Edgbaston. Fagg took the unusual step of telling journalists the reason for his withdrawal. "If they will not accept decisions, there is no point carrying on. Why should I? I don't have to live with that kind of pressure ... People don't realise how bad it has become. I don't enjoy umpiring Tests any more."

Only powerful persuasion by the other umpire, Dickie Bird, players and ground officials induced him to change his mind after he had received a formal apology from the West Indian team manager, rather as Rana held out for his apology from Gatting before resuming.

For the future, if neutral umpires prove impracticable, the only answer would seem to be the appointment and training of an abundance of professional umpires in every cricketing country, in the hope that cricket can maintain its unique position in sport as the game where umpires are neutral, wherever they come from.

**Teresa McLean**

Downcast in Faisalabad: Mike Gatting (right) and his colleagues Graham Dilly (left) and Chris Broad

# Letters to the Editor

## NHS 'core' is under-funded

*From the Chairman of Nuffield Hospitals.*

Sir, As chairman of the largest group of private hospitals in the country, and also a District Health Authority member, I find it interesting to compare the private and the public health sectors. ("Health care dilemmas," December 9).

Over the past 10 years costs of health care have risen far in excess of the Retail Price Index, regardless of whether we are discussing nurses' salaries, drugs and dressings, or the other major cost factors.

For the Health Service to attain acceptable standards, the Government should allocate a substantial additional sum for hospitals, and ensure that this sum is spent on bringing their core facilities up to a first-class standard. New projects, though desirable in themselves, may have to wait until existing wards, operating theatres, staff accomodation, and particularly medical equipment are brought to satisfactory levels of excellence.

Harry Axton,
*Aldwych House*
*71-91 Aldwych, WC2*

## Shots fired into the walls

*From Dr D.C. Band*

Sir, Neuville, the 19th century painter of battles, whenever he moved into a new studio, would pull out a revolver and fire several shots into the walls - just to work up a warlike atmosphere. I have always thought that the nearest contemporary equivalent to this practice is the attempt by each successive British government to issue new directives to, and create new structures within, its nationalised health system - just to work up a managerial atmosphere.

Each government has been assisted in this illusory exercise by the *etatiste* media, whose political, medical and industrial correspondents should all be required to spend a night in a state-run intensive care ward. In a simpler age, they would each have been rewarded with baronetcies.

With one exception. John Lloyd is clearly not a graduate of the Dan Rather School of Reporting. "The Incurable Demand for Care" (FT, December 5) was the first acknowledgment that I can recall that the problems of the NHS are, to use his words, "endemic," "incurable," a product of "the nature of the NHS" itself.

In an age when we have finally realised that government is necessarily incompetent at the cost-effective delivery of telecommunications, airline services, shipbuilding, clean water, and so on, and so on, is there any defence in logic for saying that health is the one exception to this rule? Note that I said "logic," not "professional paranoia."?

Of course, the nation's health-deliverers are engaged in a permanent whine-and-cheese party. So would I be if, after years of training, I found myself being given "a target of 600 cardiac operations a year by the Welsh Office." Given a *target*? By the *Welsh Office*?

Of course "the managers get more fun out of being entrepreneurs." Despite years of being subjected to the public sector's obsession with process over outcome, they are still human, and would love to be able to take risks and make decisions for which they would bear responsibility and be rewarded.

Of course employees at all levels "think they should be liberated from centrally determined rates" of pay. But localising pay rates will not solve the problem so long as that pay still comes from taxpayers rather than consumers. The distinction is crucial.

Why not cut the losses and acknowledge that, if competition is a good thing in the supply of electricity and transport and financial services, so it is in the supply of health care and insurance?

We hear a great deal from this Government about "trusting the people." Instead of expropriating the British family's resources only to give them back in the form of a monstrously inefficient health system, why not trust it with its own resources? Why not give the citizens the financial capacity to choose between competitive health-care offerers, instead of treating the British people as a race of incurable bed-wetters?

D.C. Band,
*68 Thornhill Road,*
*Ickenham,*
*Uxbridge, Middlesex*

## Good driving should have its reward

*From Mr J.V. Fearnley.*

Sir, Your motoring correspondent Stuart Marshall writes an interesting piece on the Citroen BX19CD Estate (November 21). For me, the most notable comments are those which relate to removing the temptation to be competitive, and the economic rewards obtainable by good and sensible driving, including observing the road ahead and anticipating hold ups.

I fail to understand the present trend for manufacturers to concentrate so much on reducing the 0-60mph acceleration time, and increasing the top speed of each new model - in many cases well beyond 100mph. Where is all this performance to be used? Should not manufacturers be concentrating on technical developments that will contribute towards making us all better drivers, and providing increased economy of running costs?

I write as a satisfied Peugeot owner, but also as an enthusiast for competitive driving.

J.V. Fearnley,
*Carlinick,*
*Carlidnack,*
*Mawnan Smith,*
*Falmouth, Cornwall.*

## Multi-airline policy should continue

*From the Chairman of Dan-Air.*

Sir, Sir Adam Thompson, chairman of British Caledonian, is quoted (FT, December 10) as saying that the SAS proposals would allow BCal to continue to operate as Britain's "second force" airline.

I would like to point out that the policy of restricting the granting of scheduled licences to two airlines, British Airways and BCal, was government policy of the much more regulated 1970s. Government policy since 1979, reiterated in the Airline Competition Policy White Paper of 1984, is to encourage a sound and competitive multi-airline industry with a variety of British airlines of different characteristics serving the whole range of travelling needs.

If approval is given to a deal with SAS, BCal must not be given a privileged position and the Government needs to ensure effective continuation of its multi-airline policy.

The Government must also ensure, in the interests of all users, that charters can continue to compete with scheduled services on equal terms for the remaining capacity at Gatwick and that no special preference should be given to scheduled services at peak periods.

F.E.F. Newman,
*Dan-Air Services,*
*New City Court,*
*20 St Thomas Street, SE1*

## CAA should radically review British aviation

*From the President of the European Regional Airlines Organisation.*

Sir, British Airways outmanoeuvred the then Secretary of State, Mr Nicholas Ridley, with various proposals which became a catalyst for the White Paper of October 1984 (Command 9366). This undoubtedly closed the door for British Caledonian's further development to achieve the critical mass necessary for it to have "second force" status.

The political quandary that the Government now finds itself in - whether to allow BCal to be saved by SAS or merely consumed by BA - is a direct result of its failure in 1984 to accept the realistic, but at the time unpalatable recommendations of the Civil Aviation Authority in respect of the effects on British civil aviation that a privatised BA might have.

It is ironic that the current Secretary of State for Transport now looks to the CAA to decide whether British control is retained or lost by the intervention of SAS.

Instead of constantly meddling in British aviation in order to protect the best interests of BA, Mr Norman Tebbit should be calling for the Department of Transport once again to ask the CAA to undertake a complete review of British aviation policy in a manner as radical as that proposed under CAP 500, published by the CAA in 1984. The Government should once and for all step out of the aviation control tower. If given such an opportunity, the CAA should itself recognise that there has to be a radical rethink as to how to attract sufficient long term investment into the British aviation marketplace to allow for the development and growth of a successful number of British airlines - preferably dedicated to the regions, thus leaving London Heathrow and Gatwick to those already established carriers.

Previous CAA proposals have had one fundamental omission which, if adopted, would have had the potential to save BCal from seeking a merger, and would now provide a real basis for the sound financial development of strong independent scheduled service airlines.

Scheduled service route licences are very similar to North Sea oil licences. They have a latent potential which is only realised by the expenditure of large amounts of capital, as aircraft frequency and capacity is profiled with passenger growth. Recognition of inherent route worth by the CAA would have given BCal the same opportunity as Pan American had, for example, with the sale (for some $750m, to United Airlines) of its Pacific routes in 1985.

The bold initiative of recognising the inherent worth of route licences would both transform and protect the prospects for future development of scheduled services by British independent airlines.

Far from creating a situation where the richest gained most, it would give potential investors the satisfaction of knowing that the funding required to develop new routes could be realised by the subsequent sale of the same, separate from any ultimate sale of a company. Even where a route failed to achieve profitability, there would still be the capability of selling onward to another company which sought to approach the route from a different aspect and bring the service to profitability.

Quite simply, the politicians have got to decide whether they are going to let the industry, and its duly appointed governing authority, control its own destiny - regardless of the turbulence through which it may fly - or take over the controls and divert along an as yet uncharted airway

Trefor G. Jones,
*Birmingham Executive Airways,*
*Jetstream House,*
*Birmingham International Airport,*
*Coventry Road, Birmingham*

## Magnificent men in flying machines

*From Mr Michael J. Friedman*

Sir, It is indeed a bit difficult to defend Prime Minister Ghandhi's profligacy in commandeering two of Air India's 747s ("Observer," FT, November 23). On the other hand, were I asked to fly in a Boeing 707 with two engines, I might be squeamish too.

Perhaps Mr Gandhi's aviation background led him to conclude that a 707 with two engines would be unlikely to get off the ground, much less make it from New Delhi to Canada.

Michael Friedman,
*Simat, Helliesen & Eichner Inc,*
*708 Third Avenue,*
*New York*

## Gouverneur was his given name

*From Mr W.J. Crampton.*

Sir, In the interesting article by Andrew Marshall on the US Constitution (Weekend FT, December 5), the "Governor" Morris referred to was, in fact, Gouverneur Morris: "Gouverneur" was his given name. He was not at any time a State Governor, as the error may imply.

A distinguished lawyer, Gouverneur Morris was instrumental in the adoption of the decimal system in US coinage, and for the use of the words "dollars" and "cents."

W.J. Crampton,
*5 Sorrel Close,*
*Luton, Bedfordshire*

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| City of London, The (04862 28233) | Capital City Gold | 8.35 | 8.35 | Yearly | £17,500 | Instant access. Tiered account |
| Coventry (0203 52277) | Moneymaker | 7.05 | 7.05 | Yearly | £10,000 | Inst.acc. no pen. mthly. int. |
| | Moneymaker | 6.80 | 6.80 | Yearly | £5,000 | £10,000 6.83, £5,000 6.60 |
| | 3-year Bond | 7.50 | 7.50 | Yearly | £1,000 | Wthls. 90 days not./penalty. |
| | 90-Day Option | 7.50 | 7.50 | Yearly | £5,000 | Inst acc/no pen if bal £5,000+ |
| Frome Selwood (0373 64367) | Gold Minor Acc. | 8.50 | 8.68 | ½-yearly | £1 | On demand:0-18 year-olds |
| Gateway (0903 68555) | Star 60 | 7.25 | 7.25 | Yearly | £20,000 | 60 days' pen./not.£500+ 7.00 |
| | Gold Star | 7.00 | 7.00 | Yearly | £20,000 | Inst. £10K+ 6.75, £5K+ 6.50 |
| Greenwich (01-858 8212) | 60-Day Account | 7.25 | 7.38 | Monthly | £25,000 | No pen. if £5K remains in acc. |
| Guardian (01-242 0811) | Premier Shares | 7.45 | 7.65 | Quarterly | £3,000 | No not/pen. to bal. £3,000+ |
| Halifax* | 90-Day Xtra | 6.75 | 6.86 | M./½-yrly | £500 | 90 days, but |
| | 90-Day Xtra | 7.00 | 7.12 | M./½-yrly | £10,000 | instant where |
| | 90-Day Xtra | 7.25 | 7.38 | M./½-yrly | £25,000 | £5,000 remains |
| Hendon (01-202 6384) | Annual Shares | 9.00 | 9.00 | Yearly | £3,000 | 6m. not./imm. ac. 90d. loss int. |
| Lambeth (01-928 1331) | Premium Shares | 6.90 | 7.02 | ½-yearly | £250 | 3 months notice or penalty |
| Lancastrian (061 643 1021) | Masterplan | 7.50 | 7.50 | Yearly | £15,000 | Instant access no penalty |
| Leamington Spa (0926 27920) | Fully Paid | 4.10 | 4.14 | ½-yearly | £1 | Immediate |
| | High Flyer | 7.50 | 7.50 | Yearly | £10,000 | Withdrawals on demand |
| | | 6.75 | 6.75 | Yearly | £1,000 | without penalty |
| | Super 90 | 7.75 | 7.75 | Yearly | £10,000 | 90 days' notice or imm. acc. |
| | | 7.25 | 7.25 | Yearly | £1,000 | + 90 days' loss of interest |
| Leeds and Holbeck (0532 459511) | Capital Interest | 7.50 | 7.50 | Monthly | £5,000 | 90 days' notice or penalty |
| | capital Access | 7.50 | 7.50 | Yearly | £5,000 | Same N/A on bal. £10,000+ |
| Leeds Permanent* | Liquid Gold | 6.00 | 6.00 | Yearly | £500 | 6.50 £5K+ 6.75 £10K+ 7.00 £25K |
| | Premium Reserve | 7.50 | 7.50 | Yearly | £5,000 | 3.25 premium guaranteed 1 yr. |
| | Pay & Save | 4.00 | 4.04 | ½-yearly | £1 | 5.75 £2,000+ |
| Marsden (0282 692821) | Rainbow | 7.75 | 7.75 | Yearly | £50,000 | Min. bal. £500+ tiered int. |
| | Rainbow | 7.50 | 7.50 | Yearly | £25,000 | + Instant access no penalty |
| Mornington (01-485 5575) | 28-Day Account | 8.25 | 8.42 | ½-yearly | £1,000 | 28 days' notice or penalty |
| National and Provincial* | Notice Account | 7.50 | 7.50 | Yearly | £500 | 90 days' notice/ |
| | Monthly Income | 7.20 | 7.20 | Monthly | £1,000 | penalty under £10,000 |
| | Inst. Access + | 7.00 | 7.00 | Yearly | £30,000 | No notice no penalty |
| National Counties (03727 42211) | Emerald Shares | 9.00 | 9.00 | Yearly | £25,000 | Immediate if £20,000 remains |
| Nationwide Anglia (01-242 8822) | Capital Bond | 7.50 | 7.50 | Yearly | £1,000 | 90 Days' notice or penalty |
| | Bonus Builder | 7.00 | 7.00 | Yearly | £25,000 | 7.75 £10K+, 7.50 £5K+, 7.25 £2K+, 6.75 £500+, 5.00 £1+ |
| | Capital Bonus | 7.50 | 7.50 | Yearly | £25,000 | 8.25 £10K+, 8.00 £5K+, 7.75 £500+ |
| | Income Bond | 7.25 | | Monthly | £2,000 | 90 days' notice or penalty |
| Newbury (0635) 43676 | Instant Premium | 8.25 | 8.25 | Yearly | £25,000 | Instant access. Tiered a/c |
| | Treasure Plus | 8.50 | 8.50 | Yearly | £25,000 | 3 mths. not./pen. Tiered a/c |
| Newcastle (091 2326676) | Super 90 | 8.50 | 8.50 | Yearly | £500 | 90 days' notice or penalty |
| | Nova Plus | 7.30 | 7.30 | Monthly | £20,000 | Instant access, tiered account |
| Northern Rock (091 285 7191) | Moneyspinner.Plus | 8.30 | 8.30 | Monthly | £20,000 | Instant access no penalty |
| | | 8.05 | 8.05 | Monthly | £10,000 | Instant access no penalty |
| | | 7.60 | 7.60 | Monthly | £5,000 | 7.35 £500+ instant access |
| | Prem.Gwth.Bnd. | 8.30 | 8.62 | Monthly | £5,000 | No wdls. 1 yr. then no not./pn. |
| Norwich & Peterb'gh (0733 51491) | Two Cities | 7.05 | 7.05 | Yearly | £5,000 | 28d not/28d pen Gtd diff 3.05 |
| Nottingham (0602 481444) | Super 90 | 8.50 | 8.50 | Yearly | £20,000 | No penalty over £10K |
| Peckham (freephone Peckham) | Super Shares | 7.50 | 7.76 | Monthly | £2,000 | £2,000+ no notice/penalty. |
| Portman (0202 292444) | Prem Plus Shs. | 7.25 | 7.25 | M/Yrly | £50,000 | 3 mths. notice/min. 1 mth. pen. |
| Portsmouth (0705 291000) | 3-Year Share | 7.75 | 7.90 | M./½-yrly | £500 | No restrictions over £10,000 |
| Principality (0222 44188) | 2-Yr Bondshare | 7.90 | 7.90 | Yearly | £10,000 | 3.9 diff. guaranteed 2 yrs. |
| Regency (0273 724555) | Plus | 8.40 | 8.40 | Yearly | £25,000 | No nt./pn. £5K 8.05, £500 7.25 |
| Scarborough (0723 368155) | Sel. Gld. Cap.Bd. | 7.50 | 7.50 | M./Yearly | £10,000 | 60 days'not. or loss of int. |
| Skipton (0756 4581) | Sovereign | 7.40 | 7.40 | Yearly | £10,000 | Instant access no penalty |
| | Sovereign | 6.75 | 6.75 | Yearly | £5,000 | Monthly income available on |
| | Sovereign | 6.35 | 6.35 | Yearly | £500 | investments of £2,500+ |
| Stroud and Swindon* | Century (2-year) | 8.75 | 8.75 | Yearly | £20,000 | 8.50 £2,000+, 90 d. nt./int/pn. |
| Town and Country (01-353 1476) | 2-Yr super Term | 7.75 | 7.75 | Yearly | £500 | Guaranteed 3.75 differential |
| | Moneywise | 6.75 | 6.75 | Yearly | £25,000 | Chq. bk., Visa/ATM cds.int.var |
| | Super 60 | 7.50 | 7.50 | Yearly | £10,000 | Withdrawals available |
| Wessex (0202 767171) | Ordinary Shares | 8.00 | 8.16 | ½-yearly | £1 | No notice no penalties |
| Woolwich* | Capital | 6.75 | 6.86 | M./½ yrly | £500 | 90 days not./pen., £10K+ imm. |
| | Prime | 7.00 | 7.00 | Yearly | £20,000 | instant access. 6.00 £500+, 6.50 £5K+, 6.75 £10K+ |
| | Guartd. Prm.Shs. | 7.50 | 7.50 | M./Yearly | £10,000 | 90 days' not./pen. £10K+ imm. |
| Yorkshire (0274 734822) | Platinum Key | 7.00 | 7.00 | Yearly | £500 | 60 days' notice /penalty |
| | Platinum Key | 7.25 | 7.25 | Yearly | £10,000 | instant over £10,000 |
| | Platinum Key | 7.50 | 7.50 | Yearly | £25,000 | instant over £10,000 |

*For telephone see local directory. CAR = Annual yield after interest compounded

12/12

# GrandMet plans to lift stake in Martell to 20%

BY LISA WOOD

**Grand Metropolitan**, drinks, hotels and food group, is understood to be seeking French government approval to lift its stake in Martell, the French cognac house, to 20 per cent.

In August Grand Metropolitan took a 10 per cent stake in Martell at a cost of about £30m. There was also a distribution agreement by which it and Martell agreed to sell each other's brands in certain territories.

Shares of Martell have been very heavily traded on the French bourse this week because of speculation about GrandMet increasing its stake. However, it is understood that GrandMet has been building up its stake from the original 10 per cent with the approval of the Martell family which controls the business.

A stake of 20 per cent requires the permission of the French government, which GrandMet has already approached.

If GrandMet owned a 20 per cent stake in Martell it could equity account rather than just have the dividend income. City analysts said a hostile bid was unlikely and in any case would probably be resisted by the French government.

Martell, one of France's most prestigious cognac houses, is estimated by Impact International, the international drinks research organisation, to be the second largest cognac house with about 19 per cent of shipments. However, the business has been adversely affected by the fall in the dollar and weakened by diversifications including into perfume.

Martell is holding a shareholders' meeting on Thursday at which it is expected to make an announcement. Grand Metropolitan said yesterday that it never commented on speculation.

# Storehouse hits at Benlox

BY NIKKI TAIT

**Storehouse**, the retail group headed by Sir Terence Conran, yesterday again lashed out at the "demerger" bid from the relatively tiny Benlox group, describing it as "a series of glib statements" and "remarkable for its misunderstanding of Storehouse".

The latest defence document – posted a week ahead of the next closing date and 10 days before day 60 – also questions the role of Dr Ashraf Marwan, an Egyptian financier, in the bid and disparages the recruitment of Mr Malcolm Parkinson, the former Woolworth director, to the Benlox camp (and board) last month.

"Benlox now has one individual whose experience within a retail group is limited to five years marketing at B & Q, an out-of-town DIY business unrelated to the High Street fashion businesses of Storehouse, and one year in charge of part of the Woolworth group from which he departed in unexplained circumstances," says Storehouse. "He is being put forward as the caretaker-manager of the entire Storehouse group."

Yesterday, however, Benlox appeared to be bolstering its retail squad. According to Mr Peter Earl, Benlox director, the company expects Mr John Kennedy, the former finance director of B & Q, the DIY chain now part of Woolworth, to join the group if its bid is successful. Mr Kennedy joined B & Q in the seventies – in its pre-Woolworth days – and is a former colleague of Mr Parkinson's. He left Woolworth in the spring and has since been pursuing his own business interests.

The Storehouse document makes relatively little mention of the recent warehousing problems at Mothercare - which led to a dip in first half profits. It adds that "urgent steps to rectify the situation" have been taken and that sales performance has subsequently strengthened. Rather, the company – which also takes in Habitat, Heals, BhS, and Richards Shops – continues to argue that its "retailing flair" plus the availability of central resources, including the design function, are crucial to the group's future.

The document, however, was immediately attacked by Benlox as weak. "They haven't really got a lot to say," commented Mr Earl. "It's pea-shooter stuff."

# APV's £9m bearings sale

BY NICK GARNETT

**APV**, food-making equipment manufacturer, is selling for £9.05m its Rose Bearings business to Minebea, a Japanese ball-bearing producer.

Rose Bearings, which manufactures bearings at Saxilby near Lincoln and at Skegness, had total sales of £4.5m in the year to March and a net profit of £0.65m. It employs 130 people.

APV said yesterday that Rose Bearings did not fit in with the group's main areas of activity. Rose Bearings is part of the Rose Forgrove division of Baker Perkins, which merged with APV at the beginning of the year.

The group last month announced the closure of Rose Forgrove's packaging machinery plant in Gainsborough, Lincolnshire as part of a restructuring of its businesses following the Baker merger.

Mr Tony Herod, general manager of Rose Bearings, said that the intention was for Minebea to develop the bearings business. It had given a commitment to support local management and no redundancies were expected.

It is not clear whether Minebea will introduce the manufacture of mini bearings into Rose Bearings which specialises in so-called rod-ended and spherical bearings.

Japanese-made mini bearings have been the recent subject of an EC anti-dumping investigation. Minebea is a leading producer of miniature and larger bearings with 36 production plants around the world.

In the past three months, three British bearings producers have changed ownership. Apart from Rose Bearings, RHP sold its bearings business in a management buy-in supported by City institutions, and Cooper Bearings in King's Lynn was purchased by an investor group headed by the Scottish-based Clairmont Ventures.

# Associated Paper up 35% to £6.81m

By Maggie Urry

**A strong performance by the paper making and converting division helped Associated Paper Industries to a 34.9 per cent pre-tax profit gain to £6.81m in the 53 weeks to October 3. Group turnover rose by 23.8 per cent to £83.18m.**

**However, a sharp rise in the tax charge from 20.7 to 30.8 per cent, and the impact of shares issued in the previous year for an acquisition, kept the growth in earnings per share down to 7.6 per cent. Fully diluted earnings were 22.6p (21.0p). The final dividend goes up from 4.8p to 5.5p giving a total for the year of 8.0p (7.0p).**

**The companies acquired during 1985-86, Dri-Print in the US and Tenza in the UK, together made a full year contribution to trading profits of about £2.2m (£1.6m) suggesting growth from the original businesses of just under 10 per cent.**

**Mr Charles Rawlinson, chairman, sounded a note of caution for the current year saying that "there are formidable challenges ahead and the opening weeks of the year have been below our expectations."**

**But he said that the group is in a strong financial position, with year end net gearing at 21.9 per cent, and that API's wide range of customers should offer a defence against any downturn in the economy.**

**The paper making side improved sales by 38.4 per cent to £58.01m and trading profits by 56.8 per cent to £5.44m. Sales of stamping foils were only 4 per cent ahead at £24.07m, though margins improved to give a 10.7 per cent trading profit gain to £2.87m.**

**But the air conditioning, filtration and purification division saw a fall in sales from £6.17m to £6.10m and trading profits from £400,000 to £283,000.**

### ● comment

**API's cautious attitude and its determination to invest for the long term even if tax reliefs are no longer available, should give it an edge if tough times are coming. The first quarter is usually a difficult one anyway and the current pressure on margins - particularly noticeable in envelope papers and stamping foils - may just be temporary. Since most of the group's products are fairly close to the consumer and can be sold internationally, markets should not be too hard to find. Barring acquisitions, pre-tax profits this year could reach £7¾m, and a prospective p/e of around 10 on a share price unchanged yesterday at 265p, is not unreasonable.**

# Northern Foods shelves £22m bakery buy

By Fiona Thompson

**Northern Foods**, the Hull-based dairy and food group, announced yesterday that is was not proceeding with its proposed acquisition of Falconis, a specialist bread manufacturer which operates under the brand name Panificio Italiano.

Northern said early last month that it had reached agreement to purchase Falconis for £22m cash. However, last night Mr Martin Clark, finance director, said the deal had been cancelled because they were unable to reach agreement on certain financial conditions.

Falconis, which makes short-life products such as French bread for customers including Marks and Spencer and Trust House Forte. In the year to June 30, 1987, profits were £2m on sales of £30m.

# Rolls-Royce shares and cheques sent in error

BY RICHARD TOMKINS

**National Westminster Bank** confirmed yesterday that share certificates and dividend cheques had been sent in error to about 15,000 people who bought Rolls-Royce shares during the aero-engine maker's flotation and subsequently sold them.

The bank has stopped payment of the oustanding cheques but not in time to prevent many of them being cashed. A task force has been set up to find out how the error occurred and to retrieve the certificates and payments.

NatWest said that the problem had arisen because of the unexpectedly heavy response to the offer for sale in May and the short time-scale between registration and payment of the interim dividend.

# Black Monday forces How to rethink

**How Group**, a Midlands-based building services business, has become the latest in a string of companies which has had to revise its plans for stock market flotations in the wake of Black Monday.

It is seeking a full listing through a placing of shares by Albert E. Sharp, Birmingham-based stockbroker. Its market capitalisation at the issue price of 60p a share will be £19.8m.

How Group consists of four separately managed divisions: engineering services; fire services; maintenance; and distribution.

Originally the company had planned to sell a mixture of new and existing shares equivalent to 30 per cent or more of the enlarged equity at a price/earnings multiple in the teens.

As a result of the market crash, however, it has adopted a less ambitious plan to sell off 1.7m shares, representing just 5.1 per cent of the enlarged equity, on a p/e multiple of less than 9 times current year earnings.

## Barry Riley on the Wood Mackenzie/County NatWest merger

# A quantum leap into an alliance

Jonathan Cohen, chief executive of County NatWest

John Chiene – becomes chairman

Wood Mackenzie at last appeared to have found a permanent home yesterday, with the news that it is to form roughly half of the equity side of County NatWest, the investment banking subsidiary of National Westminster Bank.

Originally an obscure Edinburgh broking firm, Wood Mackenzie built up a big London-based institutional equity business during the 1970s under the leadership of Mr John Chiene, who is still very much in control.

Big Bang posed serious problems for the firm, however, and the choice of Hill Samuel as owner proved unfortunate. After Hill Samuel bought the firm in 1984 its reputation started to slip and its seventh position in the 1987 Extel league table of equity analysts marked a significant downgrading from earlier years when it was usually in the top three or four.

When Union Bank of Switzerland made an abortive attempt to buy Hill Samuel this summer Wood Mackenzie's future was thrown into doubt because UBS already owned Phillips and Drew in London. Subsequently TSB bought Hill Samuel but made it clear that Wood Mackenzie was surplus to requirements.

It was put on the market for what is thought to have been around £45m and exploratory talks were held with eight or ten banks which were serious contenders, including J.P.Morgan, but the stock market crash intervened, with the effect of reducing the broking firm's value. In the end County NatWest has done the deal for an undisclosed price, probably between £30m and £35m, based upon goodwill together with a payment representing net assets.

According to Mr Peter Dale, deputy chief executive of County NatWest, and the man who has been running the equity securities side, Wood Mackenzie represents the quantum leap that his group has been seeking for some time.

NatWest's strategy ahead of Big Bang was to buy only medium-sized firms and wait for a later bear market opportunity to buy market share more cheaply. It bought a second-line broker, Fielding Newson-Smith, and a second-line jobber or market maker, Bisgood Bishop, but has so far failed to build them into a major force in the market place.

Mr Dale says the bull market lasted longer than NatWest had anticipated. "We got the timing of the bear market wrong but we have maintained the strategy," he now insists. The incorporation of Wood Mackenzie will at a stroke double the numbers employed in the UK equity business. The combined operation will, it is claimed, be as big as any other broker in research and sales, but only about number four in equity market making behind BZW, Warburg and Smith New Court.

For his part, Mr Chiene says Wood Mackenzie has been seeking a new owner which could offer both capital strength and an international presence. NatWest amply fulfils these criteria. "The fact that they were British was a bonus," he adds.

Urgent discussions will begin next week to decide the details of the merger. Physical moves could begin in early February. Staff will continue for the next two years to be split between Wood Mackenzie's Wood Street offices and County NatWest's Drapers Gardens building on a "mix and match" basis. By late 1989 it is expected that the combined operation will move into new premises, perhaps in the Broadgate development. But it is intended that the research unit in Edinburgh should continue to be based there.

Both firms have been through a rather difficult few months. At Wood Mackenzie uncertainty over the future ownership has made it difficult to attract talent. As for County Natwest, there has been damaging publicity over traded options losses suffered by clients in a particular private client section where, Mr. Dale says, management controls broke down. And within the past week there have been stories of 20 per cent pay cuts for the top management and possible redundancies elsewhere.

Confirming the pay cut stories, Mr Dale says: "The management committee decided to set an example with their own salaries." He describes it as sending a message to ensure that throughout the organisation everyone took a look at their own business areas to make sure they were not oversized in the new environment.

"Prudent management requires that you operate the plant at the volume the client demands," he observes.

For the combined group this could mean a modest number of redundancies among the roughly 1,000-strong equity staffs. But both sides emphasise the degree to which they are complementary: Wood Mackenzie is strong in research, in UK institutional clients and in alpha stock market making, while County NatWest focuses on a different, more international, client base and in market making is a small company, or beta and gamma stock, specialist.

In management terms the deal appears to amount to a reverse takeover by Wood Mackenzie. A three-man team from WM, Mr Chiene, Mr Robert Norbury and Mr Scott Dobbie will become chairman, deputy chairman and managing director respectively of the combined UK equities company, while the existing chairman of County NatWest Securities, Mr Philip Rimell, will resign. Mr Dale will in future concentrate on the overseas side of the business, which has operations in New York, Tokyo, Hong Kong and elsewhere.

# Crystalate rise limited to 5.5%

BY DAVID WALLER

THE COST of corrective action at Besson, **Crystalate Holdings'** telecommunications subsidiary, curtailed profits of the group in the year ended September 30 1987, it emerged yesterday. While turnover at the electronic components undertaking rose by more than half to £101.52m, pre-tax profits were ahead by 5.5 per cent to £7.14m.

Crystalate alerted the market in August to the likelihood of losses at Besson, and the flat performance was expected. Optimism from the management – and a dividend up 14.7 per cent to 5.85p per share – helped prompt a sharp rise in the share price yesterday, despite a slight decline in fully diluted earnings per share.

"We rapidly went over a cliff," said Mr John Herrin, chief executive, in explanation of the £2.2m adverse turnround at Besson, which resulted in a loss of £300,000. "Everything went wrong. But now we are back in profit, and all further rationalisation costs have been fully provided for."

Corrective action took the form of the dismissal of a main board director, and investment in product-line efficiency. This resulted in a cost of £941,000, taken above the line as part of an exceptional item of £1.2m. The balance related to the closure of Pelco, a small distribution subsidiary.

Operating profits climbed from £5.9m to £8.62m, including 10½ months' contribution from International Resistive Corporation, the US company bought for $30.6m in October 1986. Although there was no breakdown of profits by company, analysts were assured that IRC was performing ahead of expectations.

After interest of £261,000 (£464,000 credit), and a reduced tax charge of £1.88m (£2m), fully diluted earnings per share fell from 17.76p to 16.14p.

### ●comment

Crystalate's shares suffered badly in the market crash, underperforming by nearly 30 per cent in the month prior to the figures. The 18p gain yesterday to 154p reflects the belated recognition that the company's exposure to the US is not wholly debilitating. With around 30 per cent of revenue coming from the US subsequent to the IRC acquisition, Crystalate will suffer translation losses – but the effect on profits overall is likely to be at worst neutral, given that IRC serves exporters who will benefit from the weak dollar. Other activities are prospering, and analysts expect £10m in the present year. This puts the shares on a prospective multiple of under eight. Unless a bidder emerges, the upside seems limited, given Crystalate's dependence on telecommunications, data-processing and the automotive industry – areas likely to suffer should there be a general downturn.

# Sotheby's postpones share offer

By Steven Butler

**Sotheby's Holdings**, fine art auctioneer, yesterday officially postponed a US and UK public offering of 29 per cent of its capital, consisting of limited voting shares.

Volatility in the US and UK stock markets, and lack of receptivity to public offerings, was cited as the reason for the indefinite postponement, which comes after US Securities and Exchange Commission approval for the issue.

Sotheby's said the offering could be revived depending on market conditions.

# News Corp buys more Pearson-Times denial

**News Corporation**, the media group headed by Mr Rupert Murdoch, confirmed yesterday that it had purchased a further 250,000 shares this week in **Pearson**, the conglomerate which owns the Financial Times. News Corporation acquired a 14.7 per cent stake in Pearson in September.

The latest purchases keep it at around that level, since Pearson's issued share capital has been gradually increasing

At the same time, Mr Peter Stehrenberger, finance director of the UK subsidiary, News International, denied that Mr Murdoch was planning to sell The Times newspaper.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres-ponding div | Total for year | Total last year |
|---|---|---|---|---|---|
| Assoc Paper ............fin | 5.5 | Feb 10 | 4.8 | 8 | 7 |
| Bristol Post ............int | 3 | - | 2.75* | - | 7.75* |
| Crystalate ............fin | 3.75 | - | 3.25 | 5.85† | 5.1 |
| Hardys Hasson ......fin | 15.3 | - | 13.1 | 21.5 | 18.7 |
| Radio Clyde § ......fin | 2.75 | Feb 5 | 2.25 | 4.25 | 3.5 |
| Russell (Alex) ......int | 0.54 | Jan 29 | 0.54 | – | 1.76 |
| Speyhawk ............fin | 8.48†* | Jan 29 | 7.48 | 11† | 10 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market.

## Public Works Loan Board rates

Effective December 8

| Years | Quota loans repaid by EIP† | Quota loans repaid A†† | Quota loans repaid at maturity§ | Non-quota loans A* repaid by EIP† | Non-quota loans A* repaid A†† | Non-quota loans A* repaid at maturity§ |
|---|---|---|---|---|---|---|
| 1 | | | 8⅝ | | | 9⅜ |
| Over 1 up to 2 | 8¾ | 8¾ | 8¾ | 9⅜ | 9⅜ | 9½ |
| Over 2 up to 3 | 8¾ | 8¾ | 8⅞ | 9⅜ | 9⅜ | 9⅝ |
| Over 3 up to 4 | 8¾ | 8¾ | 9 | 9⅜ | 9⅜ | 9¾ |
| Over 4 up to 5 | 8⅞ | 8⅞ | 9 | 9⅜ | 9⅜ | 9¾ |
| Over 5 up to 6 | 8⅞ | 9 | 9⅛ | 9⅜ | 9½ | 9⅝ |
| Over 6 up to 7 | 9 | 9 | 9¼ | 9½ | 9½ | 9¾ |
| Over 7 up to 8 | 9 | 9 | 9½ | 9½ | 9½ | 10 |
| Over 8 up to 9 | 9 | 9 | 9⅝ | 9½ | 9½ | 10⅛ |
| Over 9 up to 10 | 9 | 9⅛ | 9¾ | 9½ | 9⅝ | 10¼ |
| Over 10 up to 15 | 9½ | 9¾ | 9¾ | 10 | 10⅛ | 10¼ |
| Over 15 up to 25 | 9¾ | 9¾ | 9¾ | 10⅛ | 10⅛ | 10¼ |
| Over 25 | 9¾ | 9¾ | 9¾ | 10⅛ | 10⅛ | 10⅛ |

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price | Amount Paid up | Latest Renunc. date | 1987 High | 1987 Low | Stock | Closing Price | + or - | Net Div. | Times Cov'd | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| §55 | F.P. | - | 61 | 55 | ‡Allied Restaurants 5p | 61 | +2 | L1.1 | 4.6 | 2.5 | 12.0 |
| 330 | 120 | - | 88 | 71 | British Petroleum | 72 | -½ | N12.5 | 1.5 | 6.1 | 14.0 |
| † | F.P. | - | 268 | 231 | English & Caledonian Inv. | 231 | | - | - | - | - |
| 350 | F.P | - | 284 | 248 | Eurotunnel Units | 248 | -2 | - | - | - | - |
| - | F.P. | - | 13 | 10 | Do Warrants | 14 | -1½ | - | - | - | - |
| † | F.P. | - | 152 | 100 | Hard Rock Intl. 2p | 130 | -1 | L1.53 | 3.3 | 1.6 | 23.5 |
| † | F.P | - | 125 | 85 | Do 'A' (Restricted Vtg)2p | 88 | +1 | L1.53 | 3.3 | 2.4 | 15.9 |
| §75 | F.P. | - | 78 | 75 | Nestor-BNA 10p | 76 | +1 | R1.85 | 2.5 | 3.3 | 16.5 |
| §80 | F.P. | - | 101 | 90 | Paragon Comm. 5p | 90 | -3 | R2.5 | 3.4 | 3.8 | 10.5 |
| §18 | F.P. | - | 21 | 19 | ‡Pathfinders Grp. 5p | 20 | | N0.29 | 3.9 | 1.9 | 18.4 |
| §114 | F.P. | - | 121 | 115 | ‡Sykes-Pickavant 10p | 116 | | R5.25 | 2.0 | 6.1 | 11.1 |
| §70 | F.P. | - | 73 | 66 | ‡Trevian Hldgs. 10p | 66 | | - | - | - | - |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1987 High | 1987 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| § | F.P. | - | 75p | 65p | *Abdiscol 5¼pc Cm.Cv.Rd.Pf 2006 | 73p | +8 |
| - | - | - | 99½ | 90½ | Ansbacher(H.)5pc.Cnv.Sub.Ln.1998 | 97½ | |
| 100 | £10 | 21/1 | 14 | 10½ | Chester Wtr. Wks. 11¾pc Rd.Db.98/2000 | 12 | |
| 100p | F.P | - | 87p | 63p | Helical Bar 5¼pc. Cnv.Cum.Red.Pf.2012 | 66p | +3 |
| - | F.P. | - | 101⅜ | 99½ | N'wide Anglia 10⅞pc 12.9.88 | 101⅜ | |
| - | F.P. | - | 101⅜ | 99½ | Do. 10⅝pc 26.9.88 | 101⅛ | |
| - | F.P. | - | 101⅛ | 100 | Do. 10⅛pc 31.10.88 | 100⅞ | |
| - | F.P. | - | 100⅛ | 99⅞ | Do. 9⅞pc 28.11.88 | 100⅛ | |
| ‡ | F.P. | - | 109½ | 99½ | Next 5½pc Cnv. 2005 | 108 | |
| §100 | F.P. | - | 115p | 100p | Record Hldgs. 10pc Cum. Red. Prf. £1 | 103½ | |
| 100 | F.P. | - | 95p | 70p | ‡Shield Grp. 5.84pc Cnv. Cum. Red. Pf. | 100p | |
| - | F.P. | 13/11 | 82p | 70p | Utd. Scientific 5¾pc Cum. N-V. Pref. | 70p | |
| 100p | F.P. | - | 108p | 100p | ‡Whatman Fixed Rate Cnv.Cum.Red.Pfr. | 79p | |
| | | | | | | 105p | |

### RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1987 High | 1987 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 300 | Nil | - | 52pm | 19pm | ‡Applied Holographics 5p | 23pm | -3 |
| ‡ | Nil | 21/12 | 4½pm | 3pm | City & Foreign | 2pm | |
| 80 | Nil | - | 460pm | 205pm | Press Tools | 230pm | |
| 85 | Nil | 13/1 | 5pm | 4pm | ‡RKF Grp. 10p | 5pm | |

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. Z Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided. ♥ Issued by tender. ♦ Offered to holders of ordinary shares as a rights. † Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

## Lucy Kellaway considers Elf's £135m hostile bid for Tricentrol

# French move in where others fear to tread

OPEN SEASON in the independent oil sector began yesterday with Elf Aquitaine's £135m bid for Tricentrol and the emergence of Atlantic Richfield as an unexpected new buyer for Britoil shares.

The City's oil analysts cancelled their festive luncheon dates, and amused themselves by drawing up lists of the other oil companies likely to join BP, Arco and Elf in the rush to get their Christmas shopping done before it is too late.

In the scramble it seems that anything goes. Following BP's bold move on Tuesday, the Government must decide whether independent oil companies should stay independent. Yesterday's bid from Elf, the first hostile bid in the sector from a foreign company, has raised the issue of whether they should stay British.

The feeling in the City yesterday was that the Government was unlikely to come to the rescue of Tricentrol. The issue of foreign ownership was decided in principle when Petrofina, the Belgian oil company, bought Charterhouse two years ago. Although though that bid was solicited, analysts argue that hostility is not likely to swing the balance.

Nobody seemed surprised at Elf's move, although the timing, which came at the same time as the Britoil skirmish by pure coincidence, raised some eyebrows.

It has long been assumed that most big oil companies would like to own Tricentrol's assets, which are among the best in the sector. The question was always when, not if, the company would be taken over.

When the company was in deep trouble two years ago a takeover seemed imminent. And last year its shares sank to one-third of the price now being offered by Elf. Yet until yesterday Tricentrol managed to escape.

Alongside its attractions, Tricentrol has achieved independence by an equally impressive collection of drawbacks. The company, which was one of the hardest hit exploration companies when the oil price collapsed last year, is still in poor shape.

It has a deficit on distributable reserves, is likely to be incurring losses for several years to come and has gearing of 120 per cent. In Mr James Longcroft it has a chairman who is not going to give in without a long and nasty fight.

Equally offputting are the company's financing needs, amounting to £350m for developing its oil and gas fields over the next few years.

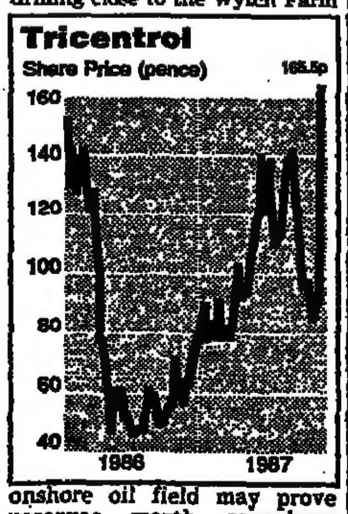
This unalluring combination has frozen off the half dozen or more companies which have toyed with the idea of buying Tricentrol. However, now that Elf has declared its interests, the others will probably spend a large part of the weekend working out whether they can afford to pay more than 135p a share.

For Elf, the fit seems a good one. For years it has longed to be an operator in the UK part of the North Sea. Furthermore, as its production from the Norwegian Frigg and Ekofisk fields decline, it will need to have something with which to replace it. Tricentrol's production profile in four year's time might be four times its present level as its six fields which are now in varying stages of development, reach full production.

For Tricentrol the benefit of seeing its much loved projects financed with ease will count for nothing, and the timing of the Elf approach will be a particularly bitter blow. Tricentrol says it is close to securing an imaginative package of development finance – probably consisting of junk bonds with equity kickers – which should ensure its survival until the oil starts to flow.

When the oil price collapsed last year, it seemed most unlikely that Tricentrol, which was carrying the legacy of a daring and often unwise corporate activity in the form of extended activity in the US, would last the year. If it did survive it would only be by dint of a heavy programme of asset sales, the City said. But Tricentrol, helped by the rise in the oil price, is on the verge of proving the City wrong.

The worth of its assets will undoubtedly form a big part of the Tricentrol defence. Recently it has had several exploration successes, in particular, further drilling close to the Wytch Farm onshore oil field may prove reserves worth anywhere between 17p and 45p to Tricentrol's share price.




However, persuading investors to stay with the company will not be easy. Elf is paying 60 per cent more than the market price on Monday, and has the reputation for paying above the odds.

Tricentrol lost many of its City friends through its disastrous venture into the US, which resulted in write-offs of about $60m, and from its propensity to be over optimistic about its prospects.

# Making waves in the North Sea

**IF SUCCESSFUL, Elf-Aquitaine's takeover bid for Tricentrol will fulfill one of the company' s most cherished long-term ambitions, writes Paul Betts in Paris.**

**Control of the UK independent oil company will finally turn Elf into a major operator in the North Sea. Despite a history in the UK North Sea stretching back to 1964, Elf has for historic reasons never been in the top league in the region.**

**This was the result of a deal struck between the Elf and Total, the other large French oil group, whereby Total would be the operator in the British side of the North Sea and Elf in the Norwegian zone. Thus even though Elf controls two-thirds of the British Alwyn field, Total with one-third of the field is the operator.**

**Tricentrol would give the French group not only greater access to the British North Sea offshore but also take it onshore for the first time - the bid is also part of Elf's strategy to renew and expand its reserves in well-established and politically secure zones.**

**Mr Michel Pecqueur, Elf chairman, had signalled the company's intentions to seize opportunities to invest in new oil and gas reserves. But most analysts expected Elf to strike again in the US where back in 1982 it acquired for about $2.7bn (£1.5bn) Texasgulf, the US phosphate and sulfur producer with interests in oil.**

**However, after complex negotiations to try to extend Elf's already large presence in Norway, Mr Pecqueur decided to strike on the UK market rather than the US - clearly taking advantage of the current drop in stock market prices.**

**The search for new reserves either by the acquisition or by its own exploration efforts has been a longstanding preoccupation of the French oil group, which with profits of FFr2.2bn (£200m) in the first half of this year on sales of FFr62.5bn remains one of the most profitable companies in France. Elf has long been worried by the decline in production of its French Lacq gas field and declining production at the North Sea field of Frigg where Elf with 50 per cent is operator.**

**Indeed, Elf's production at Alwyn and at Heimdal, currently under development, was expected to replace only a portion of the decline in production of the French group's mature fields of Lacq and Frigg. Although the company remains solidly entrenched in West Africa, which with Gabon, Zaire, Nigeria, Cameroon and Angola accounts for more than 80 per cent of the group's oil production, it has clearly been on the lookout for an acquisition to help consolidate its reserves.**

# UK COMPANY NEWS

## Williams lifts stake in Stanley to 25.7%

BY NIKKI TAIT

**Williams Holdings**, the industrial holdings conglomerate which earlier this week announced the £133m purchase of paint group, Berger Jensen and Nicholson, yesterday disclosed that it has built up a 4.9 per cent stake in **A.G. Stanley**, the home decorating materials retailer.

When added to the 20.8 per cent stake which Berger already holds, Williams will have a 25.7 per cent interest in Stanley. The additional 1.8m shares were bought between early October and November 9, part of the period during which Williams was negotiating the Berger deal with the vendors, German chemicals group Hoechst.

Shares in Stanley, which takes in 400 Fads and Decor 8 outlets, immediately added a further 22p to 182p. Yesterday, however, Williams chief executive, Mr Brian McGowan, was playing down suggestions of a full bid. "I think it unlikely that Williams will get itself involved in retailing," he commented, "25 per cent is a strategic position". *He declined* to comment on whether Williams intended to raise its holding to the 29.9 per cent level.

Stanley, too, points out that the additional Williams purchases merely returns the Berger interest to its pre-August level. In the summer, however, the holding was diluted by rights issue funding for the £26.5m Jacoa Group acquisition.

Brian McGowan – playing down bid suggestions

## Bristol Post expands to £3m

HELPED BY a £580,000 rise in contributions from its newspaper publishing activities, **Bristol** *Evening Post, newspaper pub*lisher and operator of a chain of newsagents, upped taxable profits from £2.21m to £2.98m on turnover ahead from £23.27m at £25.92m.

Mr Andrew Breach, chairman, said newspaper activities benefited from the continuing buoyancy in advertising, particularly in employment and property categories. Newspaper trading profits totalled £1.69m (£1.11m). However, circulation of the company's daily papers showed only a modest improvement.

The directors declared an interim payment of 3p (2.75p) and after tax of £1.09m (£813,000) earnings per 25p ordinary share rose from an adjusted figure of 5.625p to 7.49p.

Retail activities, which saw profits slip from £390,000 to £374,000 continued to be adversely affected by burglary losses but greater security precautions were being introduced.

Property rental income was increased from £543,000 to £613,000 by the letting of the fifth floor at Temple Way, where defects to the external tiling of the building and possible remedies were being investigated. Other group activities showed satisfactory increases.

Mr Breach said that at the end of the period the group had a strong net cash and short-term deposit position of £2.8m which will enable future investment in printing press capacity and enhancement.

Trading had continued at an encouraging level. Strong advertising demand continued, although increases in the price of newsprint might possibly act as a brake on the rate of growth in profits.



## Bremner Cotterell talks suspended

BY PHILIP COGGAN

**Merger discussions between Bremner and Robson Cotterell, the stockbroker, have been suspended "for the forseeable future".**

**Bremner, which is currently in the process of closing the eponymous Glasgow department store and moving into financial services, agreed in principle to acquire Robson Cotterell in October.**

**But the stock market crash has reduced the value of Bremner's shares and hit the stockbroking business of Robson Cotterell. The deal had been geared to Robson Cotterell meeting certain profit levels.**

**Mr James Rowland-Jones is currently facing a challenge resulting from Bremner's earlier acquisition, that of Carswell, the Glasgow stockbroker.**

**Mr Denis McGuinness, Carswell's chairman and a Bremner director, has called for the removal of Mr Rowland-Jones and two other directors at an egm; however, Mr Rowland-Jones has announced that the meeting will not be held until June 9, 1988.**

## Hicking 64% ahead

**Pre-tax profits climbed 64 per cent from £131,000 to £215,000 at Hicking Pentecost, Nottingham-based textile maker and commission dyer, in the half year ended September 30.**

**On turnover ahead from £7.47m to £8.52m operating profits improved by £80,000 to £336,000. Interest charges were £121,000 (£125,000) and earnings worked through at 3.37p (2.05p) per 50p share. There was again no tax.**

## Chrysalis LA buy

**Chrysalis Group has bought 50 per cent, and a controlling interest, in Record Plant, a recording studio in Los Angeles.**

**Purchase price was $400,000 (£218,500) cash, with the opportunity to acquire the rest at a consideration based on future profitability but limited to $1.5m.**

# FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Fri Dec 11 1987 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (27%)) | Est. P/E Ratio (Net) | xd adj. 1987 to date | Thu Dec 10 Index No. | Wed Dec 9 Index No. | Tue Dec 8 Index No. | Year ago (approx) Index No. | 1987 High | | 1987 Low | | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (214) | 664.39 | +2.6 | 10.77 | 4.34 | 11.65 | 20.46 | 647.32 | 654.08 | 651.61 | 677.82 | 1038.07 | 16/7 | 618.07 | 10/11 | 1038.07 16/7 /87 | 50.71 13/12/74 |
| 2 | Building Materials (30) | 841.93 | +2.7 | 11.71 | 4.46 | 10.62 | 26.06 | 819.76 | 835.72 | 825.98 | 852.13 | 1381.08 | 16/7 | 798.03 | 4 /12 | 1381.08 16/7 /87 | 44.27 12/12/74 |
| 3 | Contracting, Construction (33) | 1224.74 | +1.4 | 10.74 | 4.09 | 12.36 | 34.66 | 1208.42 | 1223.27 | 1213.63 | 1157.20 | 1951.50 | 16/7 | 1115.39 | 10/11 | 1951.50 16/7 /87 | 71.48 2 /12/74 |
| 4 | Electricals (14) | 1892.22 | +1.5 | 9.67 | 4.91 | 13.45 | 64.72 | 1863.65 | 1857.68 | 1889.02 | 1732.22 | 2733.45 | 20/7 | 1661.76 | 10/11 | 2733.45 20/7 /87 | 84.71 25/6 /62 |
| 5 | Electronics (33) | 1418.57 | +2.7 | 11.23 | 3.66 | 11.63 | 38.48 | 1380.91 | 1399.67 | 1409.74 | 1446.69 | 2236.70 | 17/7 | 1375.66 | 1 /12 | 2236.70 17/7 /87 | 1229.81 8 /10/85 |
| 6 | Mechanical Engineering (60) | 336.55 | +2.9 | 11.05 | 4.89 | 11.39 | 12.17 | 326.97 | 326.26 | 324.13 | 381.98 | 544.57 | 14/10 | 296.26 | 10/11 | 544.57 14/10/87 | 45.43 5 /1 /75 |
| 8 | Metals and Metal Forming (7) | 419.72 | +4.2 | 10.07 | 3.99 | 11.99 | 12.48 | 402.74 | 402.29 | 398.03 | 349.43 | 596.67 | 9 /10 | 348.64 | 9 /11 | 596.67 9 /10/87 | 49.65 6 /1 /75 |
| 9 | Motors (14) | 233.64 | +2.6 | 12.88 | 4.98 | 9.04 | 7.36 | 227.71 | 229.16 | 227.01 | 266.77 | 411.42 | 13/10 | 221.69 | 4 /12 | 411.42 13/10/87 | 19.91 6 /1 /75 |
| 10 | Other Industrial Materials (23) | 1186.32 | +2.9 | 8.71 | 4.34 | 13.64 | 37.65 | 1152.93 | 1170.18 | 1162.47 | 1187.07 | 1736.80 | 22/9 | 1051.78 | 10/11 | 1736.80 22/9 /87 | 277.55 15/1 /81 |
| 21 | CONSUMER GROUP (182) | 976.31 | +2.1 | 8.89 | 3.71 | 14.33 | 24.88 | 955.93 | 967.14 | 961.56 | 930.70 | 1406.32 | 16/7 | 919.77 | 9 /11 | 1406.32 16/7 /87 | 61.41 13/12/74 |
| 22 | Brewers and Distillers (21) | 930.47 | +1.5 | 11.13 | 4.12 | 11.32 | 24.09 | 916.60 | 926.51 | 921.05 | 941.62 | 1269.35 | 16/7 | 877.37 | 9 /11 | 1269.35 16/7 /87 | 69.47 13/12/74 |
| 25 | Food Manufacturing (23) | 792.29 | +2.2 | 9.65 | 4.07 | 13.32 | 22.50 | 775.44 | 780.47 | 768.56 | 735.40 | 1092.25 | 16/7 | 726.65 | 9 /11 | 1092.25 16/7 /87 | 59.67 11/12/74 |
| 26 | Food Retailing (17) | 1964.89 | +2.4 | 8.13 | 3.09 | 16.41 | 47.36 | 1918.98 | 1928.28 | 1947.53 | 1834.14 | 2649.96 | 16/7 | 1848.05 | 10/11 | 2649.96 16/7 /87 | 54.25 11/12/74 |
| 27 | Health and Household Products (10) | 1719.63 | +0.8 | 6.83 | 2.61 | 17.47 | 33.67 | 1706.21 | 1726.80 | 1737.58 | 1519.43 | 2699.85 | 16/7 | 1590.82 | 10/11 | 2699.85 16/7 /87 | 175.38 28/5 /80 |
| 29 | Leisure (29) | 1048.29 | +2.6 | 8.33 | 4.43 | 15.80 | 29.83 | 1021.64 | 1036.74 | 1026.79 | 971.34 | 1504.79 | 13/10 | 943.07 | 9 /11 | 1504.79 13/10/87 | 54.83 9 /1 /75 |
| 31 | Packaging & Paper (16) | 462.15 | +1.9 | 9.12 | 3.91 | 14.43 | 12.53 | 453.57 | 456.41 | 456.05 | 481.73 | 739.48 | 16/7 | 427.56 | 10/11 | 739.48 16/7 /87 | 43.46 6 /1 /75 |
| 32 | Publishing & Printing (15) | 3020.27 | +2.1 | 7.26 | 4.84 | 17.42 | 98.06 | 2957.89 | 2984.32 | 2972.27 | 2709.95 | 5070.66 | 5 /10 | 2713.49 | 2 /1 | 5070.66 5 /10/87 | 55.08 6 /1 /75 |
| 34 | Stores (35) | 814.05 | +3.2 | 9.17 | 3.72 | 14.63 | 20.18 | 788.87 | 802.44 | 785.97 | 822.57 | 1160.58 | 29/7 | 749.46 | 3 /12 | 1160.58 29/7 /87 | 52.63 6 /1 /75 |
| 35 | Textiles (16) | 553.44 | +3.5 | 11.88 | 4.25 | 9.69 | 17.60 | 534.82 | 552.07 | 553.26 | 540.60 | 914.52 | 2 /10 | 515.17 | 30/11 | 914.52 2 /10/87 | 62.66 11/12/74 |
| 40 | OTHER GROUPS (87) | 785.29 | +1.3 | 11.69 | 4.71 | 10.62 | 22.64 | 774.99 | 779.00 | 775.84 | 795.68 | 1192.48 | 8 /10 | 759.10 | 10/11 | 1192.48 8 /10/87 | 58.63 6 /1 /75 |
| 41 | Agencies (17) | 953.38 | +3.2 | 7.34 | 2.52 | 17.41 | 17.18 | 924.22 | 934.55 | 899.11 | 0.0 | 1795.57 | 17/7 | 870.35 | 4 /12 | 1795.57 17/7 /87 | 870.35 4 /12/87 |
| 42 | Chemicals (21) | 973.85 | -0.4 | 10.21 | 4.81 | 11.96 | 33.55 | 977.65 | 974.19 | 968.66 | 1015.12 | 1545.46 | 5 /10 | 920.61 | 10/11 | 1545.46 5 /10/87 | 71.20 1 /12/74 |
| 43 | Conglomerates (13) | 1036.15 | +1.8 | 11.48 | 5.03 | 10.00 | 28.57 | 1017.95 | 1035.13 | 1037.81 | 0.0 | 1547.01 | 8 /10 | 975.19 | 10/11 | 1547.01 8 /10/87 | 975.19 10/11/87 |
| 45 | Shipping and Transport (11) | 1637.61 | +1.9 | 10.40 | 5.04 | 12.60 | 57.73 | 1607.01 | 1614.66 | 1608.73 | 1532.46 | 2497.85 | 16/7 | 1535.32 | 9 /11 | 2497.85 16/7 /87 | 90.80 29/6 /62 |
| 47 | Telephone Networks (2) | 828.69 | +1.5 | 12.99 | 5.11 | 10.25 | 20.21 | 816.48 | 815.00 | 816.06 | 783.61 | 1274.14 | 9 /6 | 813.40 | 7 /12 | 1274.14 9 /6 /87 | 517.92 30/11/84 |
| 48 | Miscellaneous (23) | 1080.45 | +1.5 | 14.23 | 4.41 | 8.36 | 34.90 | 1064.87 | 1077.78 | 1074.44 | 1107.55 | 1773.70 | 5 /10 | 1039.40 | 10/11 | 1773.70 5 /10/87 | 60.39 6 /7 /75 |
| 49 | INDUSTRIAL GROUP (483) | 850.61 | +2.0 | 10.11 | 4.13 | 12.45 | 23.54 | 833.59 | 841.63 | 837.58 | 838.94 | 1268.86 | 16/7 | 804.87 | 10/11 | 1268.86 16/7 /87 | 59.01 13/12/74 |
| 51 | Oil & Gas (17) | 1633.88 | +3.1 | 10.17 | 6.82 | 12.13 | 65.84 | 1584.76 | 1607.56 | 1587.35 | 1446.60 | 2458.68 | 16/7 | 1487.60 | 2 /12 | 2458.68 16/7 /87 | 87.23 29/5 /62 |
| 59 | 500 SHARE INDEX (500) | 917.03 | +2.2 | 10.12 | 4.42 | 12.40 | 27.18 | 897.28 | 906.57 | 901.15 | 890.32 | 1369.88 | 16/7 | 867.65 | 10/11 | 1369.88 16/7 /87 | 63.49 13/12/74 |
| 61 | FINANCIAL GROUP (122) | 595.92 | +1.6 | – | 5.25 | – | 22.25 | 586.68 | 589.23 | 581.58 | 609.03 | 896.67 | 13/10 | 565.33 | 10/11 | 896.67 13/10/87 | 55.88 13/12/74 |
| 62 | Banks (8) | 609.45 | +1.0 | 21.89 | 6.42 | 6.04 | 26.94 | 603.63 | 605.57 | 601.08 | 669.93 | 898.38 | 16/7 | 577.39 | 4 /11 | 898.38 16/7 /87 | 62.44 12/12/74 |
| 65 | Insurance (Life) (8) | 880.92 | +2.2 | – | 5.22 | – | 32.56 | 862.30 | 873.48 | 855.34 | 864.59 | 1285.72 | 9 /10 | 821.55 | 9 /11 | 1285.72 9 /10/87 | 44.88 2 /1 /75 |
| 66 | Insurance (Composite) (7) | 473.20 | +2.1 | – | 5.82 | – | 20.16 | 463.29 | 469.69 | 462.64 | 456.77 | 707.58 | 13/10 | 448.44 | 1 /12 | 707.58 13/10/87 | 43.96 13/12/74 |
| 67 | Insurance (Brokers) (8) | 832.95 | +1.3 | 13.32 | 6.90 | 9.60 | 48.26 | 822.03 | 756.51 | 764.99 | 1154.31 | 1399.56 | 17/7 | 709.92 | 9 /11 | 1399.56 17/7 /87 | 65.86 16/12/74 |
| 68 | Merchant Banks (11) | 311.57 | +1.6 | – | 4.56 | – | 10.09 | 306.65 | 309.59 | 310.00 | 339.11 | 547.59 | 12/10 | 306.65 | 10/12 | 547.59 12/10/87 | 31.21 7 /1 /75 |
| 69 | Property (49) | 905.06 | +1.9 | 5.71 | 3.38 | 22.99 | 22.00 | 887.78 | 895.44 | 868.92 | 806.81 | 1374.86 | 16/7 | 885.82 | 5 /1 | 1374.86 16/7 /87 | 56.01 20/4 /65 |
| 70 | Other Financial (30) | 352.54 | +1.8 | 10.29 | 4.50 | 12.29 | 11.96 | 348.97 | 349.67 | 351.04 | 365.43 | 603.48 | 16/7 | 339.79 | 1 /12 | 603.48 16/7 /87 | 33.29 17/12/74 |
| 71 | Investment Trusts (87) | 760.52 | +1.0 | – | 3.32 | – | 17.82 | 752.99 | 752.41 | 748.29 | 865.73 | 1287.90 | 5 /10 | 726.15 | 10/11 | 1287.90 5 /10/87 | 71.12 13/12/74 |
| 81 | Mining Finance (2) | 426.19 | +3.8 | 10.67 | 4.08 | 10.56 | 12.77 | 410.77 | 415.66 | 399.58 | 328.15 | 727.93 | 3 /8 | 336.91 | 10/11 | 727.93 3 /8 /87 | 66.31 30/9 /74 |
| 91 | Overseas Traders (10) | 884.25 | +1.2 | 10.22 | 5.65 | 11.48 | 37.00 | 873.75 | 887.14 | 887.93 | 748.66 | 1364.12 | 13/10 | 778.26 | 2 /1 | 1364.12 13/10/87 | 97.37 6 /1 /75 |
| 99 | ALL-SHARE INDEX (720) | 833.08 | +2.1 | – | 4.51 | – | 25.52 | 814.17 | 821.60 | 815.50 | 815.18 | 1238.57 | 16/7 | 784.81 | 10/11 | 1238.57 16/7 /87 | 61.92 13/12/74 |

| | Index No. | Day's Change | Day's High | Day's Low | Dec 10 | Dec 9 | Dec 8 | Dec 7 | Dec 4 | Year ago | 1987 High | | 1987 Low | | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX ♦ | 1651.6 | +32.0 | 1653.3 | 1623.7 | 1629.6 | 1639.3 | 1624.4 | 1598.4 | 1582.8 | 1629.8 | 2443.4 | 16/7 | 1565.2 | 9 /11 | 2443.4 16/7 /87 | 986.9 23/7 /84 |

## FIXED INTEREST

| | PRICE INDICES | Fri Dec 11 | Day's change % | Thu Dec 10 | xd adj. today | xd adj. 1987 to date |
|---|---|---|---|---|---|---|
| | **British Government** | | | | | |
| 1 | 5 years | 123.62 | –0.17 | 123.83 | – | 10.83 |
| 2 | 5-15 years | 139.16 | –0.66 | 140.08 | – | 12.65 |
| 3 | Over 15 years | 145.57 | –0.94 | 146.94 | – | 12.80 |
| 4 | Irredeemables | 161.59 | –1.44 | 163.96 | – | 13.59 |
| 5 | All stocks | 136.05 | –0.56 | 136.82 | – | 12.15 |
| | **Index-Linked** | | | | | |
| 6 | 5 years | 124.39 | –0.14 | 124.57 | – | 2.18 |
| 7 | Over 5 years | 117.12 | –0.52 | 117.83 | 0.10 | 2.99 |
| 8 | All stocks | 117.54 | –0.49 | 118.21 | 0.09 | 2.91 |
| 9 | Debentures & Loans | 117.73 | +0.05 | 117.67 | – | 10.62 |
| 10 | Preference | 85.60 | –0.31 | 85.06 | – | 6.15 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Fri Dec 11 | Thu Dec 10 | Year ago (approx.) | 1987 High | | 1987 Low | |
|---|---|---|---|---|---|---|---|---|---|
| | **British Government** | | | | | | | | |
| 1 | Low | 5 years | 8.70 | 8.58 | 9.88 | 9.92 | 19/10 | 7.52 | 11/5 |
| 2 | Coupons | 15 years | 9.58 | 9.48 | 10.44 | 10.27 | 19/10 | 8.53 | 8 /5 |
| 3 | | 25 years | 9.40 | 9.29 | 10.44 | 10.08 | 2 /1 | 8.55 | 8 /5 |
| 4 | Medium | 5 years | 9.36 | 9.22 | 11.19 | 10.80 | 2 /1 | 8.39 | 8 /5 |
| 5 | Coupons | 15 years | 9.79 | 9.65 | 10.79 | 10.51 | 19/10 | 8.74 | 8 /5 |
| 6 | | 25 years | 9.64 | 9.54 | 10.46 | 10.24 | 19/10 | 8.75 | 8 /5 |
| 7 | High | 5 years | 9.43 | 9.29 | 11.25 | 10.84 | 2 /1 | 8.58 | 8 /5 |
| 8 | Coupons | 15 years | 9.93 | 9.81 | 10.98 | 10.67 | 19/10 | 8.86 | 8 /5 |
| 9 | | 25 years | 9.67 | 9.55 | 10.53 | 10.31 | 19/10 | 8.72 | 8 /5 |
| 10 | Irredeemables† | | 9.18 | 9.03 | 10.18 | 10.30 | 19/10 | 8.41 | 9 /11 |
| | **Index-Linked** | | | | | | | | |
| 11 | Inflation rate 5% | 5yrs. | 2.81 | 2.74 | 4.04 | 4.03 | 19/10 | 2.03 | 20/5 |
| 12 | Inflation rate 5% | Over 5 yrs. | 3.88 | 3.84 | 3.79 | 4.63 | 19/10 | 3.30 | 6 /4 |
| 13 | Inflation rate 10% | 5 yrs. | 3.17 | 3.08 | 2.43 | 4.14 | 19/10 | 0.85 | 24/3 |
| 14 | Inflation rate 10% | Over 5 yrs. | 3.95 | 3.91 | 3.62 | 4.65 | 19/10 | 3.17 | 27/3 |
| 15 | Debs & | 5 years | 10.80 | 10.80 | 11.72 | 11.86 | 20/10 | 9.46 | 12/6 |
| 16 | Loans | 15 years | 10.81 | 10.82 | 11.66 | 11.67 | 20/10 | 9.79 | 23/3 |
| 17 | | 25 years | 10.82 | 10.83 | 11.59 | 11.49 | 20/10 | 9.84 | 23/3 |
| 18 | Preference† | | 10.57 | 10.54 | 11.84 | 11.83 | 2 /1 | 10.05 | 22/6 |

♦Opening index 1623.9; 10 am 1643.5; 11 am 1642.1; Noon 1649.6; 1 pm 1652.0; 2 pm 1651.2; 3 pm 1648.5; 3.30 pm 1646.7; 4 pm 1649.0

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|---|---|---|
| Agencies | 31/12/86 | 1114.07 | Overseas Traders | 31/12/74 | 100.00 | Mining Finance | 29/12/67 | 100.00 |
| Conglomerates | 31/12/86 | 1114.07 | Mechanical Engineering | 31/12/71 | 153.84 | All Other | 10/4/62 | 100.00 |
| Telephone Networks | 30/11/84 | 517.92 | Industrial Group | 31/12/70 | 128.20 | British Government | 31/12/75 | 100.00 |
| Electronics | 30/12/83 | 1646.65 | Other Financial | 31/12/70 | 128.06 | Do. Index-Linked | 30/4/82 | 100.00 |
| Other Industrial Materials | 31/12/80 | 287.41 | Food Manufacturing | 29/12/67 | 114.13 | Debs & Loans | 31/12/77 | 100.00 |
| Health/Household Products | 30/12/77 | 261.77 | Food Retailing | 29/12/67 | 114.13 | Preference | 31/12/77 | 76.72 |
| Other Groups | 31/12/74 | 63.75 | Insurance Brokers | 29/12/67 | 96.67 | FT-SE 100 Index | 30/12/83 | 1000.00 |

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

# FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of stocks per grouping) | THURSDAY DECEMBER 10 1987 US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Gross Div. Yield | WEDNESDAY DECEMBER 9 1987 US Dollar Index | Pound Sterling Index | Local Currency Index | DOLLAR INDEX 1987 High | 1987 Low | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia (89) | 93.44 | +0.1 | 75.68 | 88.14 | 4.69 | 93.34 | 76.78 | 88.25 | 180.81 | 85.36 | 97.66 |
| Austria (16) | 92.77 | +1.7 | 75.14 | 79.09 | 2.62 | 91.22 | 75.03 | 78.74 | 102.87 | 85.53 | 94.88 |
| Belgium (48) | 99.16 | +2.8 | 80.31 | 84.37 | 5.54 | 96.44 | 79.32 | 83.12 | 134.89 | 94.63 | 96.15 |
| Canada (127) | 105.47 | –0.3 | 85.42 | 99.70 | 3.11 | 105.81 | 87.03 | 100.18 | 141.78 | 98.15 | 99.43 |
| Denmark (38) | 113.59 | +1.0 | 92.00 | 97.72 | 2.99 | 112.52 | 92.54 | 97.94 | 124.83 | 98.18 | 97.22 |
| France (121) | 80.23 | +1.2 | 64.98 | 69.94 | 3.75 | 79.24 | 65.18 | 70.08 | 121.82 | 77.39 | 101.69 |
| West Germany (93) | 75.56 | +2.5 | 61.20 | 64.28 | 2.91 | 73.74 | 60.65 | 63.79 | 104.93 | 68.91 | 96.48 |
| Hong Kong (46) | 78.45 | +2.2 | 63.54 | 78.26 | 6.26 | 76.77 | 63.14 | 76.63 | 158.68 | 73.92 | 96.13 |
| Ireland (14) | 93.81 | –4.0 | 75.98 | 81.60 | 5.49 | 97.68 | 80.34 | 85.94 | 160.22 | 93.50 | 97.64 |
| Italy (94) | 77.73 | +1.3 | 62.95 | 70.12 | 2.69 | 76.70 | 63.09 | 70.09 | 112.11 | 72.04 | 89.20 |
| Japan (457) | 144.89 | +3.6 | 117.35 | 118.52 | 0.57 | 139.80 | 114.99 | 117.00 | 161.28 | 100.00 | 97.15 |
| Malaysia (36) | 99.23 | +2.6 | 80.37 | 95.16 | 3.77 | 96.74 | 79.57 | 93.13 | 193.64 | 93.76 | 98.14 |
| Mexico (14) | 112.27 | –2.6 | 90.93 | 274.35 | 1.08 | 115.32 | 94.85 | 284.32 | 422.59 | 99.72 | 101.62 |
| Netherland (37) | 91.68 | +0.0 | 74.25 | 77.06 | 5.74 | 91.65 | 75.38 | 78.31 | 131.41 | 87.70 | 98.46 |
| New Zealand (20) | 77.69 | +0.4 | 62.92 | 64.53 | 5.23 | 77.38 | 63.64 | 64.10 | 138.99 | 75.09 | 94.61 |
| Norway (24) | 99.64 | +0.9 | 80.70 | 86.25 | 3.14 | 98.74 | 81.21 | 86.17 | 185.01 | 95.51 | 98.80 |
| Singapore (26) | 86.58 | +2.8 | 70.12 | 80.65 | 2.98 | 84.20 | 69.26 | 78.84 | 174.28 | 81.21 | 99.61 |
| South Africa (61) | 137.31 | –0.3 | 111.21 | 91.66 | 4.63 | 137.75 | 113.30 | 91.95 | 198.09 | 100.00 | 101.33 |
| Spain (43) | 121.91 | +3.4 | 98.74 | 102.38 | 3.98 | 117.87 | 96.95 | 100.37 | 168.81 | 100.00 | 94.14 |
| Sweden (34) | 95.88 | +2.5 | 77.66 | 84.60 | 2.68 | 93.53 | 76.93 | 83.18 | 136.64 | 88.50 | 95.96 |
| Switzerland (53) | 80.04 | +3.9 | 64.83 | 66.22 | 2.46 | 77.07 | 63.39 | 65.01 | 111.11 | 73.65 | 95.97 |
| United Kingdom (332) | 121.04 | +0.6 | 98.04 | 98.04 | 4.67 | 120.31 | 98.96 | 98.96 | 162.87 | 99.65 | 94.49 |
| USA (582) | 95.20 | –2.0 | 77.11 | 95.20 | 3.87 | 97.15 | 79.91 | 97.15 | 137.42 | 91.21 | 102.92 |
| Europe (947) | 97.82 | +1.3 | 79.23 | 81.82 | 4.06 | 96.56 | 79.42 | 82.00 | 130.02 | 92.25 | 95.49 |
| Pacific Basin (674) | 140.42 | +3.5 | 113.73 | 115.92 | 0.78 | 135.65 | 111.57 | 114.47 | 158.77 | 100.00 | 97.14 |
| Euro–Pacific (1621) | 123.40 | +2.8 | 99.95 | 102.31 | 1.83 | 120.04 | 98.73 | 101.51 | 143.65 | 100.00 | 96.48 |
| North America (709) | 95.75 | –1.9 | 77.55 | 95.47 | 3.82 | 97.61 | 80.29 | 97.34 | 137.55 | 91.68 | 102.73 |
| Europe Ex. UK (615) | 83.42 | +2.0 | 67.56 | 71.68 | 3.51 | 81.82 | 67.30 | 71.38 | 111.97 | 78.89 | 96.12 |
| Pacific Ex. Japan (217) | 86.28 | +1.0 | 69.88 | 81.98 | 5.11 | 85.44 | 70.28 | 81.32 | 164.03 | 82.92 | 96.97 |
| World Ex. US (1823) | 122.93 | +2.7 | 99.56 | 102.26 | 1.90 | 119.74 | 98.48 | 101.51 | 143.38 | 100.00 | 96.64 |
| World Ex. UK (2073) | 111.34 | +1.1 | 90.18 | 100.10 | 2.31 | 110.09 | 90.55 | 100.21 | 138.82 | 100.00 | 99.53 |
| World Ex. So. Af. (2344) | 112.03 | +1.1 | 90.74 | 99.89 | 2.53 | 110.81 | 91.14 | 100.08 | 139.47 | 100.00 | 99.07 |
| World Ex. Japan (1948) | 96.53 | –0.7 | 78.18 | 90.28 | 3.96 | 97.18 | 79.93 | 91.39 | 134.22 | 92.98 | 100.01 |
| The World Index (2405) | 112.19 | +1.1 | 90.87 | 99.86 | 2.54 | 110.98 | 91.28 | 100.05 | 139.73 | 100.00 | 99.08 |

Base values: Dec 31, 1986 = 100

Latest prices were unavailable for this edition.

# ECONOMIC DIARY

**TOMORROW:** National Savings monthly progress report (November). Belgian general election.

**MONDAY:** Food facts (third quarter). CBI monthly trends enquiry (December). Retail sales (November- provisional). Producer price index (November-provisional). International banking statistics (third quarter). EC general affairs and fisheries councils start two-day meetings in Brussels. European Parliament in session in Strasbourg (until December 18). ASEAN summit meeting in Manila (until December 6). Nominations for NUM presidency close.

**TUESDAY:** Index of output of the production industries (October). UK balance of payments (third quarter). Brazil and its banks expected to sign an interim financing package agreement. Mr George Shultz, US Secretary of State, visits London.

**WEDNESDAY:** Public sector borrowing requirement (November). South Korean presidential elections. Commons gives second reading to Local Government Finance Bill. "Financial market impression - the Hong Kong experience" lecture at the RSA to be given by Mr Robert Fell, chief executive of the Hong Kong Stock Exchange.

**THURSDAY:** 1987 New earnings survey, report part F; Analysis by hours, part-time women employees and holiday entitlement. Capital expenditure by the manufacturing and service industries (third-quarter-revised). Labour market statistics: unemployment and unfilled vacancies (November-provisional); average earnings indices (October-provisional) employment, hours, productivity and unit wage costs; industrial disputes. Investment intentions of the manufacturing and service industries. General Council of British Shipping makes statement on new stategy paper.

**FRIDAY:** EC internal market and consumer councils meet in Brussels. Building Societies monthly figures (November). Gross domestic product (third quarter provisional). London and Scottish Banks monthly statement (November). Provisional estimates of monetary aggregates (November).

# VOLUMES IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

| Stock | Volume 000's | Stock | Volume 000's | Stock | Volume 000's |
|---|---|---|---|---|---|
| ASDA-MFI | 3,800 | Enterprise Oil | 1,200 | Prudential | 424 |
| Allied-Lyons | 2,900 | Fisons | 2,200 | Racal | 2,850 |
| Amstrad | 733 | Gen. Accident | 221 | Rank Org. | 321 |
| Argyll Group | 2,900 | Gen. Elect | 5,900 | RMC | 964 |
| Assoc. Brit. Foods | 69 | Glaxo | 1,900 | RHM | 517 |
| BAA | 4,800 | Globe Investment | 134 | Reckitt & Col. | 32 |
| BAT | 2,100 | Granada | 1,200 | Redland | 470 |
| BET | 1,300 | Grand Met | 1,100 | Reed Intl. | 317 |
| BICC | 295 | GUS A | 189 | Reuters | 712 |
| BOC | 945 | Guardian R.E. | 344 | RTZ | 993 |
| BPB Inds | 384 | GKN | 1,800 | Rolls-Royce | 1,800 |
| BTR | 3,100 | Guinness | 1,400 | Rothmans | 435 |
| Barclays | 1,700 | Hammerson | 38 | Rowntree | 1,300 |
| Bass | 1,500 | Hanson Trust | 6,200 | Ryl Bank Scotland | 715 |
| Beecham | 3,000 | Hawker Sidd | 669 | Royal Insurance | 1,100 |
| Blue Arrow | 1,700 | Hillsdown Hldgs | 909 | STC | 2,700 |
| Blue Circle | 289 | IMI | 361 | Saatchi & Saatchi | 1,600 |
| Boots | 1,250 | ICI | 819 | Sainsbury | 518 |
| Brit. Airways | 2,800 | Jaguar | 3,700 | Scott & Newcastle | 1,300 |
| Brit. Aero | 2,300 | Ladbroke | 1,800 | Sears | 3,100 |
| Brit. & Comm. | 436 | Land Securities | 1,000 | Sedgwick | 1,500 |
| British Gas | 5,700 | Laporte | 852 | Shell Trans | 815 |
| Britoil | 69,800 | Legal & Gen. | 2,000 | Smith & Nephew | 2,900 |
| BP | 5,100 | Lloyds Bank | 1,400 | Standard Chart. | 177 |
| Brit. Telecom | 6,500 | LASMO | 2,600 | Storehouse | 3,600 |
| Bunzl | 357 | Lonrho | 366 | Sun Alliance | 237 |
| Burmah Oil | 424 | Lucas | 899 | T & N | 2,500 |
| Burton | 4,800 | MEPC | 848 | TSB | 991 |
| Cable & Wire | 3,000 | Marks & Spencer | 3,700 | Tarmac | 1,500 |
| Cadbury Schwps | 2,500 | Maxwell Comm. | 681 | Tesco | 1,900 |
| Coats Viyella | 364 | Metal Box | 1,500 | Thorn EMI | 2,600 |
| Comm. Union | 1,300 | Midland Bank | 483 | Trafalgar House | 2,400 |
| Cons. Gold | 1,300 | NatWest Bank | 1,000 | T'house Forte | 1,900 |
| Cookson | 251 | Next | 2,450 | Ultramar | 4,800 |
| Courtaulds | 345 | Northern Foods | 534 | Unilever | 817 |
| Dalgety | 1,500 | Pearson | 599 | United Biscuits | 968 |
| Dee Corpn | 4,900 | Pearl Assurance | 544 | Wellcome | 1,600 |
| Dixons Group | 2,500 | P & O | 566 | Whitbread A | 707 |
| English China Clays | 578 | Pilkington Bros | 1,800 | Woolworth | 579 |
| | | Plessey | 1,500 | | |

# Dalkon payout set at $2.47bn

BY JANET BUSH IN NEW YORK

THE RULING yesterday by a federal judge that A.H. Robins must set aside $2.475bn to satisfy the claims of nearly 200,000 women who claimed injury from the company's Dalkon Shield intrauterine contraceptive brought to an end a legal dispute which has raged for more than two years.

The final value which US District Judge Robert Merhige placed on the compensation was higher than most had expected and around $700m more than Robins, the health products company, had proposed to set aside.

The ruling leaves some tough talking for Robins to do over the next week to find the extra finance to satisfy the judge's ruling. Under a Chapter 11 bankruptcy-law reorganisation plan proposed before yesterday's ruling, Rorer Group, also a specialist in health products, would acquire Robins and create a $1.77bn trust fund for Shield claims.

The two companies are now faced with revising that plan and face a deadline on Thursday next week when the court has scheduled a meeting to discuss compliance with the ruling. Chief executives from both Robins and Rorer said yesterday they were hopeful they could come up with the necessary funds.

Judge Merhige did not specify the time period over which the $2.475bn would be paid to Shield victims who have demanded compensation for pelvic inflammation and infertility. However, Robins' lawyers said yesterday they thought seven years would be a reasonable time scale.

The ruling had been postponed until yesterday in the hope that the various litigants involved in the case would arrive at a compromise. Two likely sources of additional funds were thought to have been Robins shareholders and Aetna Casualty and Surety, Robins' former insurer for Shield claims.

However, talks over the past three weeks by lawyers representing all sides in the case had been unsuccessful in negotiations to provide more money for the Shield claimants.

Robins succeeding in staving off a stream of law suits over Dalkon Shield injuries in August, 1985, when it sought protection from its creditors under Chapter 11 of the Bankruptcy Code.

Robins and Rorer are now under immense time pressure to come up with the funds before they face the court again next Thursday. It has been reported in the US press that Judge Merhige, who handled many law suits on behalf of Shield claimants before August, 1985, had privately told lawyers that he would not hesitate to call in other parties to suggest other reorganisation plans or even liquidate the company to pay the claimants if Robins did not bow to his ruling.

# Dairy Farm in Taiwan venture

By Kevin Hamlin in Hong Kong

**DAIRY FARM, the food-retailing and manufacturing group which holds a 25 per cent stake in Wales-based Kwik Save, is fulfilling a long-held ambition to enter the Taiwan market through the purchase of two supermarkets owned by privately held Ding-Hao Acme, which introduced supermarkets to Taiwan in 1971.**

**The two concerns are forming a joint venture company, called Dairy Farm Taiwan, with Dairy Farm holding 85 per cent of its equity and Ding-Hao the remainder. The new company plans to operate a chain of supermarkets. Ding-Hao also owns and operates bakeries, restaurants and food-manufacturing businesses in Taiwan.**

**The price of the deal was not revealed, but Dairy Farm said it plans to invest some HK$100m (US$13m) in Taiwan in the next five years. Its expansion plans call for the opening of eight supermarkets a year during that period.**

**The two existing supermarkets will be renamed "Ding-Hao Wellcome," as Dairy Farm operates a chain of 132 Wellcome supermarkets in Hong Kong.**

# Bell unit to take A$57m loss on Sears share sale

BY CHRIS SHERWELL IN SYDNEY

J.N. TAYLOR HOLDINGS, the 34 per cent-owned offshoot of Mr Robert Holmes a Court's Bell Group, will take a loss of A$57m (US$40.1m) before tax benefits on the sale of its stake in Sears, the British retail chain.

An announcement to the Perth stock exchange yesterday confirmed the company had sold 112.1m Sears shares for the equivalent of A$417m gross. The purchaser was the House of Fraser, controlled by the al-Fayed family.

The sale of the 8 per cent stake in Sears brings proceeds from Mr Holmes a Court's series of asset disposals to A$1.8bn since the stock market collapse.

The Perth entrepreneur was one of the hardest hit by the plunge in share prices after October 19, and at the Bell Group annual meeting this week he indicated he was aiming for total proceeds of A$2bn.

Inevitably his latest move has rekindled speculation regarding a possible acquisition which would generate much-needed cash flow.

Mr Holmes a Court has long had BHP, Australia's largest company, in his sights. Currently he holds 28 per cent of the steel, petroleum and resources group, which has a market capitalisation of more than A$10bn.

His other disposals include a stake in Texaco, a parcel of shares in BHP, stakes in Pioneer Concrete and Ampol, and some Perth property. He has said he will sell a radio network back to the Fairfax media group, and is considering selling 50 per cent of the Australian Financial Review newspaper.

Yesterday Bell Group shares lost 15 cents to A$1.50.

# Gain of 42% at World International

By Our Hong Kong Correspondent

WORLD INTERNATIONAL, the ultimate holding company of the empire controlled by Sir Yue-Kong Pao, the property and ship-owning tycoon, increased after-tax profits by 42.1 per cent to HK$254.1m (US$32.7m) in the six months to September.

Profit attributable to shareholders in the recently restructured group was HK$242.4m, a 35.6 per cent improvement. The results were below the expectations of some analysts, who suggested that investment income from the concern's large net cash position was probably down.

A restructuring of Sir YK's group has significantly altered the shape of World. In April, it absorbed a controlling interest in Hongkong Realty and Trust, a holding company, and in May acquired Wheelock Marden, a trading concern, through cash and a special distribution to shareholders of Wharf Holdings, World's property and transport subsidiary.

Mr Peter Woo, the company's chairman, said results from Wheelock International subsidiaries, including Marco Polo International, the hotel group, were mixed, although their overall contribution was above budget.

Wharf Holdings, which contributes some 65 per cent of World's earnings, recently reported that profits before extraordinary items edged up 11 per cent to HK$440.1m.

The Lane Crawford department store, acquired by World in October 1986, lifted post-tax profit 15.6 per cent to HK$42.8m. It usually has a stronger second half because of Christmas and Chinese New Year trade.

Hongkong Realty and Trust's post-tax profit was down nearly 15 per cent to HK$173.4m, but a reduced loss from minority interests and a HK$20.8m contribution from extraordinary items brought its attributable profits up 9.7 per cent to HK$157.9m.

World has recommended an interim dividend of HK cents 3.8 a share, an 8.6 per cent increase

# Santa Fe – Henley merger off

BY OUR NEW YORK STAFF

MERGER TALKS between Santa Fe Southern Pacific and Henley Group, which would have led to the biggest non-oil takeover in US history, have been called off.

In late October, Santa Fe, the substantial US transport group which is under orders from anti-trust authorities to dispose of its core railroad holdings, had approached Henley, the California-based conglomerate, proposing a sale of the company for $63 a share in cash, or $9.8bn. Henley had responded with a counter-offer of $63 in securities and cash.

Santa Fe said yesterday the talks had been terminated after discussion with Mr Michael Dingman, Henley's chairman, and other Henley representatives, which had convinced the company that it "could not now achieve a transaction with Henley at or near that value for our shareholders."

Mr Robert Krebs, Santa Fe's president and chief executive, further said the company had concluded that there were "serious and substantial regulatory problems with the possible transactions which the Henley people discussed with us."

The financing of the deal had already looked a tough proposition before the collapse in share prices on October 19 and had looked nearly impossible since. Henley was believed to have a war chest of only around $1bn, suggesting that nearly $9bn would have had to be borrowed or otherwise raised on the market for Henley to succeed.

Mr Krebs said it intended to pursue talks with Henley aimed at repurchasing Henley's 14.7 per cent stake in Santa Fe.

Santa Fe was now convinced it should remain independent, he said, and would proceed with a revised restructuring plan. As part of the restructuring, the company intends to provide its stockholders with at least $4bn in cash and/or Santa Fe securities which would probably be distributed in the first quarter of next year through a repurchase of shares or dividend or both. These measures would be financed from the proceeds of planned disposals and additional debt.

The company said it was making good progress with other elements of its restructuring programme, including the sale of various non-core assets and its Southern Pacific Transportation

# Amatil bids for C-C Bottlers

BY OUR SYDNEY CORRESPONDENT

AMATIL, the 41 per cent-owned Australian affiliate of BAT of the UK, yesterday announced a bid for C-C Bottlers of Adelaide.

The bid, said to value C-C Bottlers at more than A$200m (US$141m), would significantly increase Amatil's share of the Australian soft-drinks market, where it is already market leader.

C-C Bottlers has the Coca-Cola franchise in South Australia. Amatil already has the franchise in New South Wales, Victoria and Queensland.

Amatil's principal activity is cigarette manufacture. It also markets snack foods and poultry, and it has a packaging division.

The group says the offer price of A$2.85 a share represents a generous 20 times earnings as well as a premium over net tangible assets.

C-C Bottlers' shares were the most heavily traded in Adelaide yesterday and finished at A$3. At their peak earlier this year they touched A$5.80.

The company's major shareholder is SA Brewing Holdings. For Amatil a successful takeover would lift its share of the Australian Coca-Cola market from around 80 to 95 per cent.

Earlier this week the group reported a 13 per cent increase in group net operating profits to A$85m on turnover which rose 10 per cent to hit A$2.14bn. The beverage division showed an increase in both volume and profits.

# Price Waterhouse faces writ

BY RICHARD WATERS

PRICE WATERHOUSE, the accountancy firm, faces a new writ over its audit of Carrian, the Hong Kong property and shipping group which collapsed in 1983 with debts of more than HK$10bn (US$1.29bn).

The writ was issued in Hong Kong by Ernst & Whinney, the government-appointed liquidators of Carrian Holdings. Carrian Holdings was the private company through which chairman George Tan controlled his interests in the publicly-quoted vehicle, Carrian Investments.

Carrian Investments liquidators Arthur Young issued writs against Price Waterhouse two years ago. The latest writ, which has not yet been served and does not specify the amount of the claim, alleges breach of contract and negligence on the part of the auditors.

The latest writ is believed to name only the Price Waterhouse Hong Kong firm, whose 40 partners would be personally liable in the event of a successful prosecution. The earlier writs also name Price Waterhouse International, to which each national firm belongs and which has over 2,000 partners.

In September, two Price Waterhouse employees were acquitted, alongside Mr Tan and three others, of conspiracy to defraud Carrian shareholders. Summing up the case, Mr Justice Barker said: "If anything, there was a conspiracy against the auditors."

# Montefibre forecasts 36% increase

By John Wyles in Rome

**MONTEFIBRE, the textiles and fibres manufacturer 67 per cent owned by Italy's Montedison, is expected to achieve net profits of around L75bn ($62m) this year – a 36 per cent increase on 1986's performance.**

**Milan analysts believe this is the basis of yesterday's forecast by Mr Giuseppe Bencini, the managing director of Montefibre, that this year would be "much better" than last.**

**He was addressing an extraordinary shareholders' meeting which approved the operational integration into Montefibre of two of its subsidiaries, Sovieta Italiana a Prodotti Acrilici and Distribuzione Fibri. The Montefibre board later decided to pay an early dividend of L60 per ordinary and savings share.**

# Sulzer aborts Tettamanti talks

BY JOHN WICKS IN ZURICH

SULZER BROTHERS, the Swiss engineering concern, has broken off discussions with a syndicate of shareholders headed by Mr Tito Tettamanti, the Lugano-based lawyer.

In a statement issued yesterday, the company said that talks will be resumed only when the shareholders represented by Mr Tettamanti have been identified. The syndicate is believed to hold between 30 per cent and 40 per cent of Sulzer's voting capital.

Mr Tettamanti's personal holding in Sulzer is believed to be around 1.5 per cent. Sulzer says that this identification is indispensable, "particularly because there are growing indications that the syndicate is breaking up into groups."

In the meantime, Sulzer plans to continue to impose a limit of 1,000 shares for individual entries into its share register. With some 25 per cent of the registered capital not entered, voting rights remain with Sulzer shareholders registered before Mr Tettamanti's involvement with the company.

At the same time, Sulzer is talking with with potential industrial partners. The company says that a group of "friendly investors" remains prepared to take up a stake if Sulzer shares come onto the market.

For his part, Mr Tettamanti has expressed his disappointment at the Sulzer statement, which he claims "proves that the major shareholders in the company are chosen exclusively by the management."

He welcomed plans by Sulzer to spend SFr230m ($173m) on capital investments and SFr193m on research and development next year, contending that this decision is a result of his call for "energetic measures" by the company.

# BNS cuts terms for McLeod Young

BY ROBERT GIBBENS IN MONTREAL

BANK OF Nova Scotia, Canada's fourth largest charter bank, has reduced its offer for investment dealer McLeod Young Weir from C$483m (US$371.5m) to C$419m.

BNS offered C$52 a share, one-third in cash and two thirds in its own shares, instead of C$60 all in cash. The new price is 2.1 times the net book value of McLeod, which is Canada's third largest investment dealer.

The bank said the revised offer has been accepted by McLeod's principal shareholders and requires 99 per cent acceptance.

BNS made the original C$60 a share cash offer for all McLeod's 8m shares three weeks before the October 19 market crash, in a major strategic change. The price equalled one-fifth of the bank's equity. Later, it said deregulation had opened up new acquisition opportunities and it decided to bid for McLeod, rather than build up its existing retail brokerage.

The valuation of the bank shares offered to satify part of the new bid price will be based on the average market price for BNS between December 11 and December 18, with a floor and a ceiling of C$13.25 and C$13.75.

# Swedish plan to woo foreign investor

BY SARA WEBB IN STOCKHOLM

FOREIGNERS WHO invest in Swedish shares on the Stockholm exchange should be given exemption from the Swedish turnover tax, according to a proposal from the Stock Exchange Board.

The proposal reflects growing concern over the exodus of foreign investors from the Stockholm market ever since the turnover tax was doubled in July 1986.

As a result of the increase, transaction costs are now between three and five times higher in Stockholm than in London and New York where many of the major Swedish shares are listed.

The Finance Ministry has been circulating its latest proposals concerning the introduction of a tax on money market instruments for comments from various financial bodies before the bill is presented in parliament.

The Stock Exchange Board has proposed introducing an amendment to the bill to exempt foreigners from the share turnover tax on the grounds that Stockholm is no longer the most important market for the main Swedish shares.

Estimates about the degree to which trading has moved overseas suggest that before the recent crash, 85 per cent of the so-called free shares in Electrolux, Pharmacia, Asea, Volvo and Ericson are now traded abroad.

The exemption would not have a significant effect on government revenue, the exchange believes, as about SKr250m ($42m) is collected from foreigners in turnover tax compared with SKr3bn from domestic investors in Swedish shares.

If the Government accepts the exchange's proposal, it could be passed next spring and would take effect from July 1, 1988.

## WORLD COMMODITIES PRICES

### LONDON MARKETS

GOLD PRICES appeared ready to test the $500 a troy ounce level at one time yesterday, but once again buyers backed off as that psychological barrier drew nearer. The London bullion price peaked at $498 an ounce before trading back to close at $492⅜, up $4⅞ on the day and $13⅞ on the week. On "Black Monday" the flight from equities and the weakness of the dollar produced the classic response of a sharp gold price rise, and analysts were forecasting an imminent break through the $500 mark. But, instead of feeding of the pain of the other markets, gold fell victim to the general malaise itself as holders were forced to sell to cover paper losses and producers sold nervously into rises. Most observers now feel, however, that the backlash effect from the stock market crisis must be nearly exhausted and that continued pressure on the dollar is likely to take gold through $500, and possibly way beyond that level, before very long.

**SPOT MARKETS**

| Crude oil (per barrel FOB January) | | + or - |
|---|---|---|
| Dubai | $16.30-16.40 | +0.10 |
| Brent Blend | $18.00-18.10 | +0.225 |
| W.T.I.(1 pm est) | $18.45-18.50 | +0.15 |
| **Oil products (NWE prompt delivery per tonne CIF)** | | + or - |
| Premium Gasoline | 174-176 | -2 |
| Gas Oil | 160-162 | +1 |
| Heavy Fuel Oil | 79-80 | |
| Naphtha | 151-158 | |
| Petroleum Argus Estimates | | |
| **Other** | | + or - |
| Gold (per troy oz)♣ | $492.375 | +4.875 |
| Silver (per troy oz)♣ | 688c | +6 |
| Platinum (per troy oz) | $506.25 | +9.75 |
| Palladium (per troy oz) | $121.50 | +3.50 |
| Aluminium (free market) | $1755 | +25 |
| Copper (US Producer) | 125¾-129c | +0.75 |
| Lead (US Producer) | 42c | |
| Nickel (free market) | 327c | +2 |
| Tin (European free market) | £3805 | -5 |
| Tin (Kuala Lumpur market) | 17.05r | +0.10 |
| Tin (New York) | 319.50c | |
| Zinc (Euro. Prod. Price) | $880 | |
| Zinc (US Prime Western) | 44.375c | |
| Cattle (live weight)†† | 108.65p | +5.03* |
| Sheep (dead weight)†† | 209.99p | +6.76* |
| Pigs (live weight)† | 73.00p | +0.86* |
| London daily sugar (raw) | $208.00w | +1.00 |
| London daily sugar (white) | $213.50w | +2.30 |
| Tate and Lyle export price | £218.50 | -2.50 |
| Barley (English feed) | £109.00 | |
| Maize (US No. 3 yellow) | £134.00 | |
| Wheat (US Dark Northern) | £90.25 | -2.00 |
| Rubber (spot)♥ | 62.00p | +0.05 |
| Rubber (Jan)♥ | 64.00p | +0.25 |
| Rubber (Feb)♥ | 64.00p | +0.25 |
| Rubber (KL RSS No 1 Jan) | 270.00m | +1.50 |
| Coconut oil (Philippines)§ | $510v | -10 |
| Palm Oil (Malaysian)§ | $405z | |
| Copra (Philippines)§ | $350 | |
| Soyabeans (US) | £146 | -1 |
| Cotton "A" index | 74.20c | |
| Wooltops (64s Super) | 484p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Dec/Jan. v-Jan/Feb. x-Nov/Dec. z-Jan. y-Feb/Mar. u-Jan/Mar † Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. § CIF Rotterdam. ♣ Bullion market close. m-Malaysian/Singapore cents/kg

**COCOA £/tonne**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 1030 | 1020 | 1033 | 1022 |
| Mar | 1051 | 1049 | 1063 | 1046 |
| May | 1070 | 1066 | 1082 | 1065 |
| Jly | 1089 | 1086 | 1099 | 1087 |
| Sep | 1108 | 1106 | 1119 | 1104 |
| Dec | 1132 | 1133 | 1144 | 1131 |
| Mar | 1155 | 1158 | 1168 | 1155 |

Turnover: 3245 (5020) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for December 11: 1383.31 (1373.17) .10 day average for December 14: 1388.16 (1401.86).

**COFFEE £/tonne**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 1201 | 1215 | 1208 | 1193 |
| Mar | 1223 | 1236 | 1229 | 1214 |
| May | 1246 | 1254 | 1248 | 1233 |
| Jly | 1265 | 1266 | 1283 | 1247 |
| Sep | 1279 | 1285 | 1277 | 1265 |
| Nov | 1294 | 1308 | 1292 | 1289 |
| Jan | 1320 | 1330 | | |

Turnover: 2461 (2955) lots of 5 tonnes

ICO indicator prices (US cents per pound) for December 10: Comp. daily 114.91 (116.57); 15 day average 115.92 (115.96).

**SUGAR $ per tonne**

| Raw | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 181.80 | 183.60 | 184.20 | 180.80 |
| May | 181.80 | 183.40 | 184.00 | 181.40 |
| Aug | 181.80 | 183.40 | 184.40 | 181.60 |
| Oct | 182.80 | 184.80 | 185.20 | 182.20 |
| Dec | 185.00 | 186.80 | | |
| Mar | 189.80 | 190.80 | | |
| May | 191.80 | 192.60 | | |
| **White** | **Close** | **Previous** | **High/Low** | |
| Mar | 217.00 | 218.00 | 220.00 | 215.80 |
| May | 222.00 | 222.00 | 224.00 | 221.50 |
| Aug | 225.00 | 226.00 | 226.00 | 224.00 |
| Oct | 227.00 | 228.00 | 228.00 | |
| Dec | 226.00 | 227.00 | 225.00 | 224.00 |
| Mar | 233.00 | 232.00 | 221.00 | |
| May | 234.50 | 236.00 | 233.50 | 233.00 |

Turnover: Raw 2842 (2555) lots of 50 tonnes; White 989 (2470).

Paris- White (FFr per tonne): Mar 1200, May 1224, Aug 1250, Oct 1241, Dec 1242, Mar 1294.

**GAS OIL $/tonne**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 160.00 | 158.00 | 160.00 | 158.50 |
| Feb | 156.50 | 154.25 | 157.00 | 155.50 |
| Mar | 152.50 | 150.75 | 153.00 | 152.00 |
| Apr | 148.00 | 147.00 | 149.50 | 148.00 |
| May | 147.00 | 147.00 | 148.00 | 147.00 |
| Jun | 147.00 | 147.00 | 148.50 | 147.00 |
| Jul | 148.50 | | 148.50 | 148.00 |

Turnover: 3534 (2687) lots of 100 tonnes

**GRAINS £/tonne**

| Wheat | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 115.25 | 115.60 | 115.75 | 115.15 |
| Mar | 116.65 | 117.05 | 117.35 | 116.65 |
| May | 118.90 | 119.10 | 119.30 | 118.90 |
| Jly | 121.40 | 121.80 | 121.95 | 121.40 |
| Sep | 103.50 | 103.50 | 103.50 | |
| Nov | 105.50 | 105.50 | 105.50 | |
| Jan | 108.15 | 108.15 | 108.15 | |
| **Barley** | **Close** | **Previous** | **High/Low** | |
| Jan | 107.80 | 107.80 | | |
| Mar | 109.15 | 109.15 | | |
| May | 110.50 | 110.50 | | |
| Sep | 97.70 | 97.70 | | |
| Nov | 100.10 | 100.10 | 100.10 | |
| Jan | 102.35 | 102.35 | | |

Turnover: Wheat 216 (407), Barley 5 (94) lots of 100 tonnes.

**LONDON METAL EXCHANGE** (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Ring turnover 1,000 tonne |
| Cash | 1755-60 | 1730-40 | | 1750-60 | | |
| 3 months | 1700-10 | 1695-1705 | | 1700-5 | 1685-95 | 2,621 lots |
| **Aluminium, 99.5% purity (£ per tonne)** | | | | | | Ring turnover 18,800 tonne |
| Cash | 952-4 | 968-5 | 952 | 948-50 | | |
| 3 months | 912-14 | 914-16 | 920/906 | 911-12 | 903-6 | 57,016 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Ring turnover 59,425 tonne |
| Cash | 1518-22 | 1482-5 | 1510/1505 | 1507-8 | | |
| 3 months | 1327-9 | 1272-3.5 | 1335/1290 | 1318-19 | 1321-2 | 80,486 lots |
| **Copper, Standard (£ per tonne)** | | | | | | Ring turnover 0 tonne |
| Cash | 1475-65 | 1375-85 | | 1460-80 | | |
| 3 months | 1305-15 | 1250-60 | | 1295-1305 | | 51 lots |
| **Silver (US cents/fine ounce)** | | | | | | Ring turnover 10,000 ozs |
| Cash | 694-6 | 680-3 | | 704-6 | | |
| 3 months | 702-6 | 693-6 | 720 | 716-20 | 700-5 | 695 lots |
| **Lead (£ per tonne)** | | | | | | Ring turnover 6,725 tonne |
| Cash | 352-4 | 356-7 | 360 | 349.5-50 | | |
| 3 months | 340-1 | 342-3 | 340/338 | 336-6.5 | 339-9.5 | 12,018 lots |
| **Nickel (£ per tonne)** | | | | | | Ring turnover 1,213 tonne |
| Cash | 3893-3905 | 3880-3900 | 3920 | 3920-5 | | |
| 3 months | 3845-50 | 3840-5 | 3865/3780 | 3779-80 | 3855-65 | 9,690 lots |
| **Zinc (£ per tonne)** | | | | | | Ring turnover 12,300 tonne |
| Cash | 467-8 | 470.5-1.5 | 475/474 | 474-4.5 | | |
| 3 months | 466-7 | 473-3.5 | 474/465 | 473-4 | 465-6.5 | 14,066 lots |

**POTATOES £/tonne**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 100.00 | 98.50 | | |
| Mar | 87.50 | 87.10 | 85.10 | |
| Apr | 142.80 | 142.80 | 143.50 | 142.70 |
| May | 156.50 | 156.00 | 157.00 | |
| Nov | 85.50 | 85.00 | | |
| Feb | 91.50 | 92.50 | 90.00 | |

Turnover: 131 (75) lots of 100 tonnes.

**SOYABEAN MEAL £/tonne**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 143.60 | 142.50 | 142.00 | |
| Apr | 135.00 | 136.00 | 136.00 | 134.50 |
| Jun | 126.00 | 125.50 | | |
| Aug | 124.00 | 122.50 | | |
| Oct | 124.00 | 122.50 | | |
| Dec | 125.00 | 123.50 | | |

Turnover: 12 (3) lots of 100 tonnes.

**FREIGHT FUTURES £/index point**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 1278.0 | 1268.0 | 1284.0 | 1261.0 |
| Apr | 1295.0 | 1280.0 | 1295.0 | 1287.0 |
| Jly | 1150.0 | 1137.5 | 1150.0 | 1130.0 |
| Oct | 1240.0 | 1230.0 | 1240.0 | 1230.0 |
| BFI | 1269.5 | 1267.0 | 1269.5 | |

Turnover: 91 (383)

**LONDON BULLION MARKET**

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 492-492¾ | 268-268¾ |
| Opening | 491-491½ | 267-267½ |
| Morning fix | 495.00 | 269.534 |
| Afternoon fix | 493.50 | 268.937 |
| Day's high | 496½-489½ | |
| Day's low | 491-491½ | |
| **Coins** | **$ price** | **£ equivalent** |
| US Eagle | 508-511 | 275½-279 |
| Mapleleaf | 508-511 | 275½-279 |
| Britannia | 508-511 | 275½-279 |
| Krugerrand | 492-495 | 268-270 |
| 1/2 Krug | 257-266 | 139½-144½ |
| 1/4 Krug | 127-135 | 69-73½ |
| Angel | 508-513 | 276½-279 |
| 1/10 Angel | 51-56 | 27¾-30½ |
| New Sov. | 115½-116½ | 63-63¾ |
| Old Sov. | 115½-117 | 63-64 |
| Noble Plat | 522-532 | 284½-290 |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 381.60 | 701.00 |
| 3 months | 389.80 | 715.00 |
| 6 months | 398.10 | 729.50 |
| 12 months | 415.60 | 759.45 |

**LONDON METAL EXCHANGE TRADED OPTIONS**

| Aluminium (99.5%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Jan | Mar | Jan | Mar |
| 1725 | 33 | | 35½ | 67 |
| 1750 | 23 | | 50 | 90 |
| 1800 | 15 | | 87 | 115 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| Strike price $ tonne | Jan | Mar | Jan | Mar |
| 2500 | 200 | 244 | 90 | 328 |
| 2600 | 146 | 207 | 135 | 386 |
| 2700 | 104 | | 191 | |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| Strike price £ tonne | Jan | Mar | Jan | Mar |
| 1375 | 82 | | 36 | |
| 1400 | 66 | | 47 | |
| 1425 | 55 | | 59 | |

**SPICES**

The Brazilian clove harvest has been further delayed and not all November shipments have been made, reports Man Producten. Indonesian cassia prices were unchanged. The lower dollar has stimulated manufacturers to try to cover 1988 requirements, but sellers have been reluctant to offer. Pepper firmed over the week. Origin selling pressure faded as demand for smaller quantities and for nearby and shipment positions re-emerged. Indonesian origins were encouraged by sales of white pepper to Asian destinations. Similarly, in Brazil large quantities of black pepper found outlets. Pepper: Indonesian white afloat $8200 cif; Sarawak black afloat $4600 cif. Cloves: Brazil $2850 fob. Nutmegs: Grenada unsorted $8500 cif Rotterdam. Mace: Indonesian sieuw broken 2 $11,000 cif.

### US MARKETS

GOLD MAINTAINED early steadiness, closing above $500.00, basis February, on late commission house buying in the face of scale-up trade selling, reports Drexel Burnham Lambert. Earlier trade, commission house and local buying had touched off stops, then the market fell back as traders took profits and local liquidated longs. Silver and platinum, too, finished with late flurries after following gold. Copper closed higher but was dominated by day-trading. Crude oil eased on trade and local selling, but recovered on local short-covering. Cotton firmed in early trading, despite a crop report interpreted as neutral to bearish, but then eased from the highs on trade selling and commission house sell stops. Wheat was firm on anticipation of further bids from China and the Soviet Union. Maize tended to follow soyabeans, but derived some support from possible export business. Soyabeans eased on reports of a larger than expected projected Brazil crop and meal eased reflecting weakening premiums

### New York

**GOLD 100 troy oz.; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 497.1 | 492.3 | 498.0 | 492.0 |
| Jan | 498.7 | 493.9 | 0 | 0 |
| Feb | 502.0 | 497.2 | 503.0 | 449.5 |
| Apr | 508.6 | 503.7 | 510.5 | 503.3 |
| Jun | 515.0 | 510.0 | 516.5 | 510.0 |
| Aug | 521.6 | 516.5 | 519.5 | 519.5 |
| Oct | 528.5 | 523.3 | 528.0 | 526.0 |
| Dec | 535.4 | 530.1 | 535.2 | 530.5 |
| Feb | 542.5 | 537.1 | 542.5 | 541.0 |

**PLATINUM 50 troy oz; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 508.8 | 501.7 | 0 | 0 |
| Jan | 510.8 | 504.7 | 516.0 | 502.1 |
| Apr | 519.6 | 513.7 | 524.0 | 511.0 |
| Jul | 528.8 | 522.7 | 532.5 | 526.0 |
| Oct | 537.2 | 531.3 | 541.0 | 536.0 |
| Jan | 545.7 | 539.8 | 0 | 0 |

**SILVER 5,000 troy oz; cents/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 690.5 | 693.0 | 700.0 | 687.0 |
| Jan | 692.7 | 694.7 | 701.0 | 701.0 |
| Feb | 698.1 | 700.1 | 0 | 0 |
| Mar | 704.0 | 706.0 | 718.0 | 695.0 |
| May | 714.4 | 716.4 | 727.0 | 707.0 |
| Jul | 724.5 | 726.5 | 737.0 | 719.5 |
| Sep | 734.6 | 736.5 | 733.0 | 729.0 |
| Dec | 749.9 | 751.8 | 760.0 | 743.0 |
| Jan | 754.8 | 756.8 | 0 | 0 |
| Mar | 765.9 | 767.8 | 0 | 0 |

**COPPER 25,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 128.15 | 123.70 | 126.90 | 125.00 |
| Jan | 122.20 | 117.90 | 122.50 | 121.00 |
| Feb | 115.70 | 112.90 | 0 | 0 |
| Mar | 109.20 | 107.90 | 111.00 | 107.70 |
| May | 99.20 | 98.50 | 100.60 | 98.30 |
| Jul | 93.70 | 94.00 | 96.30 | 92.80 |
| Sep | 91.40 | 92.00 | 93.00 | 93.00 |
| Dec | 89.40 | 90.00 | 92.50 | 90.40 |
| Jan | 89.10 | 89.80 | 0 | 0 |
| Mar | 88.40 | 89.10 | 0 | 0 |

**CRUDE OIL (Light) 42,000 US galls $/barrel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 18.48 | 18.51 | 18.54 | 18.35 |
| Feb | 18.11 | 18.16 | 18.15 | 17.95 |
| Mar | 17.97 | 18.03 | 18.00 | 17.83 |
| Apr | 17.90 | 17.95 | 17.91 | 17.75 |
| May | 17.83 | 17.87 | 17.84 | 17.75 |
| Jun | 17.79 | 17.80 | 17.78 | 17.62 |
| Jul | 17.64 | 17.73 | 17.68 | 17.60 |
| Aug | 17.57 | 17.67 | 17.57 | 17.57 |

**HEATING OIL 42,000 US galls, cents/US galls**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 54.95 | 55.03 | 55.30 | 54.70 |
| Feb | 53.45 | 53.35 | 53.70 | 53.10 |
| Mar | 50.95 | 50.76 | 51.05 | 50.65 |
| Apr | 48.85 | 48.51 | 48.85 | 48.45 |
| May | 47.60 | 47.26 | 47.65 | 47.30 |
| Jun | 47.00 | 46.50 | 47.00 | 46.60 |
| Jul | 46.85 | 46.45 | 46.90 | 46.65 |

**COCOA 10 tonnes;$/tonnes**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 1758 | 1751 | 1775 | 1756 |
| Mar | 1780 | 1772 | 1790 | 1777 |
| May | 1806 | 1800 | 1816 | 1805 |
| Jul | 1835 | 1825 | 1845 | 1835 |
| Sep | 1862 | 1855 | 1870 | 1862 |
| Dec | 1902 | 1883 | 1911 | 1901 |
| Mar | 1933 | 1923 | 1945 | 1936 |
| May | 1956 | 1948 | 0 | 0 |

**COFFEE "C" 37,500lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 123.75 | 124.05 | 124.00 | 123.65 |
| Mar | 127.60 | 127.58 | 127.89 | 127.35 |
| May | 129.76 | 129.50 | 129.90 | 129.50 |
| Jul | 131.95 | 132.00 | 131.60 | 131.50 |
| Sep | 134.50 | 133.49 | 0 | 0 |
| Dec | 134.75 | 135.00 | 134.75 | 134.50 |
| Mar | 136.25 | 135.78 | 0 | 0 |
| May | 135.75 | 136.50 | 0 | 0 |

**SUGAR WORLD "11" 112,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 7.70 | 7.93 | 7.80 | 7.80 |
| Mar | 8.09 | 8.17 | 8.18 | 8.03 |
| May | 8.09 | 8.14 | 8.15 | 8.03 |
| Jul | 8.10 | 8.15 | 8.16 | 8.07 |
| Oct | 8.15 | 8.18 | 8.18 | 8.08 |
| Jan | 8.27 | 8.30 | 0 | 0 |
| Mar | 8.43 | 8.46 | 8.46 | 8.39 |

**COTTON 50,000; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Mar | 66.23 | 66.68 | 67.00 | 66.00 |
| May | 66.07 | 66.45 | 67.70 | 66.00 |
| Jul | 66.33 | 66.35 | 67.65 | 65.90 |
| Oct | 63.65 | 64.05 | 64.40 | 63.60 |
| Dec | 62.15 | 62.65 | 63.35 | 62.30 |
| Mar | 63.15 | 63.65 | 0 | 0 |
| May | 64.32 | 64.15 | 0 | 0 |

**ORANGE JUICE 15,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 169.10 | 173.30 | 171.90 | 169.10 |
| Mar | 168.25 | 172.40 | 171.25 | 168.10 |
| May | 168.20 | 172.10 | 170.50 | 167.50 |
| Jul | 168.25 | 170.00 | 170.00 | 168.50 |
| Sep | 166.10 | 169.25 | 169.75 | 166.10 |
| Nov | 163.60 | 166.75 | 0 | 0 |
| Jan | 159.00 | 163.00 | 0 | 0 |
| Mar | 159.00 | 163.00 | 0 | 0 |
| May | 159.60 | 163.00 | 0 | 0 |

**INDICES**

**REUTERS (Base: September 18 1931 = 100)**

| Dec 10 | Dec 9 | mnth ago | yr ago |
|---|---|---|---|
| 1685.3 | 1681.5 | 1656.9 | 1634.6 |

**DOW JONES (Base: December 31 1974 = 100)**

| | Dec 10 | Dec 9 | mnth ago | yr ago |
|---|---|---|---|---|
| Spot | 131.78 | 130.78 | 127.97 | 117.09 |
| Futures | 134.14 | 132.86 | 129.80 | 116.46 |

### Chicago

**SOYABEANS 5,000 bu min; cents/60lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jan | 590/0 | 598/4 | 598/4 | 589/0 |
| Mar | 598/0 | 607/4 | 607/4 | 598/0 |
| May | 606/4 | 613/4 | 614/0 | 606/0 |
| Jul | 609/2 | 617/2 | 618/4 | 609/0 |
| Aug | 605/0 | 613/0 | 615/0 | 605/0 |
| Sep | 588/0 | 597/4 | 592/0 | 585/0 |
| Nov | 584/4 | 579/0 | 587/0 | 577/4 |
| Jan | 592/0 | 586/0 | 593/0 | 586/0 |
| Mar | 600/0 | 595/0 | 600/0 | 595/0 |

**SOYABEAN OIL 60,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 18.89 | 19.00 | 19.17 | 18.80 |
| Jan | 18.91 | 19.03 | 19.24 | 18.84 |
| Mar | 19.28 | 19.36 | 19.59 | 19.21 |
| May | 19.56 | 19.68 | 19.88 | 19.50 |
| Jul | 19.75 | 19.88 | 20.05 | 19.68 |
| Aug | 19.70 | 19.85 | 19.95 | 19.70 |
| Sep | 19.55 | 19.67 | 19.75 | 19.55 |
| Oct | 19.47 | 19.60 | 19.70 | 19.40 |
| Dec | 19.45 | 19.42 | 19.65 | 19.35 |

**SOYABEAN MEAL 100 tons; $/ton**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 208.6 | 210.7 | 211.0 | 208.5 |
| Jan | 199.8 | 203.2 | 203.0 | 199.7 |
| Mar | 192.2 | 196.2 | 196.2 | 192.0 |
| May | 188.2 | 190.5 | 190.0 | 186.0 |
| Jul | 183.2 | 187.2 | 187.0 | 183.0 |
| Aug | 183.0 | 188.0 | 187.0 | 183.0 |
| Sep | 182.0 | 189.0 | 185.0 | 182.0 |
| Oct | 180.0 | 183.0 | 181.0 | 179.5 |
| Dec | 180.0 | 181.0 | 180.0 | 178.5 |

**MAIZE 5,000 bu min; cents/56lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 189/0 | 188/6 | 190/0 | 188/0 |
| Mar | 192/4 | 193/4 | 193/6 | 191/6 |
| May | 196/6 | 197/4 | 197/2 | 195/4 |
| Jul | 200/0 | 201/0 | 200/6 | 199/2 |
| Sep | 197/6 | 198/0 | 198/4 | 197/2 |
| Dec | 196/0 | 195/6 | 196/2 | 194/6 |
| Mar | 202/2 | 202/0 | 202/4 | 201/6 |

**WHEAT 5,000 bu min; cents/60lb-bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 308/4 | 305/2 | 308/4 | 305/4 |
| Mar | 313/4 | 311/4 | 314/0 | 311/2 |
| May | 308/4 | 307/6 | 309/0 | 307/0 |
| Jul | 296/4 | 295/6 | 298/0 | 295/4 |
| Sep | 300/2 | 300/4 | 301/0 | 300/2 |
| Dec | 308/2 | 311/0 | 311/0 | 307/0 |

**LIVE CATTLE 40,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 64.07 | 64.10 | 64.22 | 63.65 |
| Feb | 61.12 | 60.95 | 61.40 | 60.65 |
| Apr | 63.87 | 63.75 | 64.07 | 63.45 |
| Jun | 64.10 | 64.12 | 64.30 | 63.90 |
| Aug | 61.62 | 61.85 | 62.05 | 61.55 |
| Oct | 60.95 | 61.10 | 61.35 | 60.92 |
| Dec | 62.30 | 62.60 | 62.60 | 62.30 |

**LIVE HOGS 30,000 lb; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Dec | 42.60 | 42.72 | 42.80 | 42.35 |
| Feb | 41.62 | 41.80 | 41.92 | 41.50 |
| Apr | 38.77 | 38.82 | 39.17 | 38.60 |
| Jun | 41.77 | 41.82 | 41.97 | 41.55 |
| Jul | 42.22 | 42.15 | 42.47 | 42.20 |
| Aug | 41.20 | 41.30 | 41.45 | 41.10 |
| Oct | 38.30 | 38.25 | 38.50 | 38.20 |
| Dec | 39.00 | 38.95 | 39.00 | 38.97 |

**PORK BELLIES 38,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Feb | 51.97 | 51.87 | 52.30 | 51.60 |
| Mar | 52.00 | 51.97 | 52.32 | 51.55 |
| May | 53.17 | 53.67 | 53.65 | 52.50 |
| Jul | 53.70 | 53.60 | 53.90 | 53.35 |

# WORLD STOCK MARKETS

## WALL STREET

### Prices drift lower after early gains

Wall Street's early advance began to deteriorate as it confronted a weak dollar and sliding bond prices.

Blue chips held a slight gain, but the broader market fell in light volume. An 0.2 per cent retail sales gain and an unchanged producer price figure buoyed the market in early trading.

The Dow Jones industrial average rose two points to 1,858. Declines led advances six-five on volume of 98m shares.

Pennzoil rose $7¼ to $80¾ and Texaco $2⅞ to $34⅞ on speculation of a settlement of their $10.3bn legal dispute.

## CANADA

Toronto stocks built on an early rally at midsession, supported by buying among resource issues.

The composite index rose 34.60 to 3088.70, after rising about 23 points earlier. Advances outpaced declines by 345 to 268 on volume of 11.0m shares.

Mr John Ing of Maison Placements Canada said the market had shown "resilience despite yesterday's bad US trade deficit figures."

Gold issues were higher. International Corona, which suffered sharp declines in the last few days, gained C$1¼ to C$55½. Placer Dome also gained C$¼ at C$21⅛, Pegasus Gold increased C$⅜ to C$23½ and Lac was up C$⅛ to C$14⅛.

Among mines, Noranda rose C$½ to C$22⅞, Alcan Aluminium jumped C$⅞ to C$33¾ and Inco was up C$⅞ at C$25⅞.

Bank of Nova Scotia, which is reducing its takeover offer for securities broker McLeod Young Weir, gained C$¼ to C$12⅞. Toronto Dominion gained C$⅜ to C$27⅞, but Canadian Imperial Bank was down C$⅛ at C$20⅛.

**Closing prices for North America were unavailable for this edition.**

## TOKYO

Share prices closed one per cent lower in modest trade on concern over the future of Wall Street, an unexpectedly large US October trade deficit and a fall in Nippon Telegraph and Telephone's share price, brokers said.

The Nikkei index lost 245.03 points, or one per cent, to 23,035.81, just above the day's low. The index had fallen 273 points in early trade, rising to close 141.91 off at noon. Volume was 600m shares, unchanged from Thursday.

Nippon Telegraph and Telephone, which is the market barometer for many individual investors, tumbled Y40,000 to Y2.38m.

Electronics and auto manufacturers fell as the dollar breached post-war lows in Tokyo. Securities houses, banks and pharmaceuticals also lost, as did rubber, credit/lease, gas, chemical and rolling stock firms.

Friday's fall comes after a 385.14 point gain on Thursday, when some brokers predicted that the market's post-Wall Street woes were over. These predictions were, however, based on the US October trade deficit, announced overnight, being less than $15bn. The figure was $17.6bn.

But some brokers said that considering the shock of the increased US trade deficit, the market bore up surprisingly well.

Some brokers said the weaker dollar could spur Japan into more internal expansionary moves.

## HONG KONG

Share prices closed lower in line with Tokyo, depressed by the announcement yesterday of a much-larger-than-expected US October trade deficit.

The Hang Seng index lost 38.09 points, or 1.9 per cent, to 1,989.58, and the Hong Kong index fell 24.99 to 1,298.44. Volume was HK$595.95m against HK$604.49m on Thursday.

But shares recovered from the day's lows on sporadic buying by US brokerage firms.

World International reported a 35.6 per cent rise in net profit to HK$242.4m in the six months to September 30, and the stock rose five cents to HK$2.025.

Cheung Kong fell 15 cents to HK$5.45, Wharf 15 cents to HK$5.15, HK Bank 15 cents to HK$6.50, HK Land 15 cents to HK$6.70, Hang Lung Development 12.5 cents to HK$4.125 and Swire Pacific "A" 10 cents to HK$13.10.

Hang Seng index futures closed lower in line with share prices. December lost eight points to 1,975 on turnover of 937 lots and January was also down eight to 1,990 on 75 lots. February settled at 2,010 against Thursday's nominal 2,015 and there was no trading in this month.

## AUSTRALIA

The Australian share market fell to a sharply lower close in line with other markets after the release of record US trade deficit figures.

Demand for gold-related scrip following the US$7.10 gain in bullion to US$491.20 an ounce in New York was unable to offset this.

The all ordinaries index closed 17.3 points down at 1219.4. The all industrials lost 41.0 to 1864.3. The gold marker moved up 18.0 points to 2120.7 as the all resources slipped 1.5 to 721.6. National turnover was a heavy 168.95m shares worth A$233.68m as falls outnumbered rises by two to one.

Local industrials showed the heaviest losses in the depressed market.

Heavyweight gold-related stocks provided the one positive note as bullion continued its run towards the important US$500 an ounce mark.

Sons of Gwalia jumped 70 cents to A$9.50 and Metana and Kidston put on 30 cents to A$10.30 and A$5.00 respectively.

December share price index futures were sharply lower at 1169.0 from 1219.0 the previous day.

## SINGAPORE

The stock market closed three per cent lower after a fresh wave of selling pressure caused share prices to fall broadly, reversing a three-day rally.

The Straits Times industrial lost 22.05 points to 724.02 and total turnover dropped to 16.09m shares from Thursday's 26.09m.

Brokers attributed the fall to a sharply lower US dollar and declines in Wall Street and other major world stock markets following the unexpectedly large US trade deficit.

Most of the damage took place in the first hour of trading, with a slow drift downwards thereafter and a mild recovery towards the close.

One broker said he expected the market would come under increased pressure next week if Wall Street fell sharply again overnight.

## FRANKFURT

The unexpected worsening in the US trade deficit and the subsequent fall in the dollar pushed German share prices down but found the market in a surprisingly resilient mood.

"The market took the blow remarkably well," one dealer said, adding that with prices so low, most people saw little scope for a further decline.

The Commerzbank 60-share index, calculated at midsession, eased 12.3 or just under one per cent to 1304.8 from yesterday's 1317.1. The Boersen-Zeitung 30-share index ended at 273.53 after the previous day's final 277.56.

In banks, Deutsche fell to DM395.80, DM10.20 below the previous close. Dresdner lost DM4 to DM233.50 and Commerzbank eased DM2.50 to DM223.50.

### AUSTRIA

| December 11 | Sch % | + or − |
|---|---|---|
| Creditanstalt | 1,825 | −5 |
| Goesser | 2,780 | +10 |
| Interunfall | 10,450 | −20 |
| Jungbunzlauer | 6,400 | −50 |
| Laenderbank | 350 | |
| Perlmooser | 640 | +14 |
| Steyr-Daimler | 120 | −1 |
| Veitscher Mag | 675 | −13 |

## NEW YORK (3 pm)

## INDICES

### NEW YORK — DOW JONES

### CANADA

### NEW YORK ACTIVE STOCKS

## JAPAN

# CURRENCIES & MONEY

## FOREIGN EXCHANGES

# Dollar nervous and weak

THE DOLLAR finished above the day's record lows in currency markets yesterday. While sentiment remained bearish after Thursday's trade deficit, there were other factors which, at least in the short term, were likely to keep the dollar on a more even keel.

These included a demand for the US unit as traders attempted to balance their books for the year end. Given the relatively low level of volume, this was likely to keep the dollar at a higher level than would otherwise have been suggested by its bearish tone.

Against this background, a growing number of speculators were retiring from the market until after the new year.

US retail sales for November showed a rise of just 0.2 p.c. which was up from a revised October fall of 0.9 p.c. However the figure appeared to give the dollar a brief respite because many analysts had been worried that a higher figure would mean an increased consumer appetite for imported goods.

Producer prices for the same month were unchanged, compared with a 0.2 p.c. fall in October. While finishing above the day's lows, the dollar was still very weak and dealers remained convinced that the US authorities were prepared to tolerate a further dollar decline.

Central bank intervention was not a readily detectable feature of the market although the Bank of England and possibly the US Federal Reserve intervened in a modest way. Against the D-Mark it fell to DM1.6315 from DM1.6365 and Y128.45 compared with Y129.40. Elsewhere it slipped to SFr1.3305 from SFr1.3345 and FFr5.5325 compared with FFr5.5675. On Bank of England figures, the dollar's exchange rate index fell from 94.2 to 93.8, the lowest level since it was re-based in February 1981.

Sterling continued to trade just below DM3.00, a level which has been strongly defended by the Bank of England over the past six months. It closed at DM2.9975 from DM2.9950. Against the dollar, it rose to its best level since May 1982, closing at $1.8380, up from $1.8305. It was weaker against the yen however at Y236.00 from Y236.75 and FFr10.1675 from FFr10.1725. Elsewhere it finished slightly up against the Swiss franc at SFr2.4450 from SFr2.4425. On Bank of England figures, the pound's exchange rate index rose to 76.1 from 76.0.

**D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.6315. November average 1.6809. Exchange rate index 151.5 against 147.5 six months ago.**

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar settled at a record fixing low of DM1.6315 compared with DM1.6617 on Thursday.

While the lack of intervention at the fixing was not regarded as being significant - activity in the open market is more indicative of official policy - traders were still a little wary about central banks operating to support the US unit.

### £ IN NEW YORK

| Dec 11 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.8400-1.8410 | 1.8265-1.8275 |
| 1 month | 0.03pm-par | 0.03pm-par |
| 3 months | 0.28-0.24pm | 0.28-0.24pm |
| 12 months | 1.18-1.08pm | 1.18-1.08pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Dec 11 | Previous |
|---|---|---|
| 8.30 am | 76.2 | 75.8 |
| 9.00 am | 76.1 | 75.8 |
| 10.00 am | 76.1 | 75.8 |
| 11.00 am | 76.1 | 75.8 |
| Noon | 76.1 | 75.8 |
| 1.00 pm | 76.1 | 75.8 |
| 2.00 pm | 76.1 | 76.0 |
| 3.00 pm | 76.1 | 76.1 |
| 4.00 pm | 76.1 | 76.0 |

### POUND SPOT- FORWARD AGAINST THE POUND

| December 11 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.8325-1.8390 | 1.8375-1.8385 | 0.02dis-0.01cpm | -0.03 | 0.18-0.14pm | 0.35 |
| Canada | 2.3913-2.4008 | 2.3995-2.4005 | 0.01dis-0.09cpm | 0.25 | 0.16-0.28dis | -0.37 |
| Netherlands | 3.36¾-3.37¾ | 3.36¾-3.37¾ | 1¼-1¼cpm | 3.73 | 3⅞-3pm | 3.78 |
| Belgium | 62.66-63.00 | 62.90-63.00 | 19-3cpm | 2.10 | 40-19pm | 1.87 |
| Denmark | 11.52½-11.59½ | 11.55-11.56 | par-1½oredis | -0.84 | 1¼-3¼dis | -0.95 |
| Ireland | 1.1235-1.1325 | 1.1290-1.1300 | 0.05cpm-par | 0.27 | 0.09pm-0.05dis | 0.07 |
| W. Germany | 2.99¼-3.00¼ | 2.99¼-3.00¼ | 1¼-1pfpm | 4.50 | 3¾-3½pm | 4.92 |
| Portugal | 244.12-245.97 | 244.45-245.45 | 85-190cdis | -6.74 | 250-600dis | -6.94 |
| Spain | 202.02-203.21 | 202.75-203.05 | 55-84cdis | -4.11 | 197-248dis | -4.39 |
| Italy | 2210-2221½ | 2210½-2211½ | 2-5liredis | -1.90 | 11-19dis | -2.71 |
| Norway | 11.64½-11.71½ | 11.70-11.71 | 5½-6½oredis | -5.96 | 17½-18½dis | -6.07 |
| France | 10.16½-10.19½ | 10.16½-10.17½ | par-1¼cdis | -0.64 | 1¼-2¾dis | -0.69 |
| Sweden | 10.86½-10.91½ | 10.90½-10.91½ | ¼-¾oredis | -0.55 | 1¼-2¾dis | -0.82 |
| Japan | 235½-236½ | 235½-236½ | ¾-¾ypm | 4.13 | 2¾-2½pm | 4.13 |
| Austria | 21.04-21.12 | 21.05-21.12 | 7¼-6¼gropm | 4.12 | 22½-19½pm | 4.04 |
| Switzerland | 2.43½-2.45 | 2.44-2.45 | 1-¾cpm | 4.60 | 2¾-2¾pm | 4.50 |

Belgian rate is convertible francs. Financial franc 63.20-63.30. Six-month forward dollar 0.47-0.40pm 12 month 1.00-0.90pm

### DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

| December 11 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.8325-1.8390 | 1.8375-1.8385 | 0.02dis-0.01cpm | -0.03 | 0.18-0.14pm | 0.35 |
| Ireland† | 1.6230-1.6304 | 1.6275-1.6285 | 0.02-0.03cdis | -0.18 | 0.22-0.12dis | -0.42 |
| Canada | 1.3020-1.3065 | 1.3055-1.3065 | 0.03-0.06cdis | -0.41 | 0.27-0.30dis | -0.87 |
| Netherlands | 1.8315-1.8400 | 1.8345-1.8355 | 0.62-0.57cpm | 3.89 | 1.60-1.55pm | 3.43 |
| Belgium | 34.10-34.30 | 34.20-34.30 | 7.00-4.00cpm | 1.93 | 15.00-10.00pm | 1.46 |
| Denmark | 6.27½-6.30½ | 6.28½-6.29 | 0.20-0.80oredis | -0.95 | 1.85-2.45dis | -1.37 |
| W. Germany | 1.6275-1.6355 | 1.6310-1.6320 | 0.64-0.61pfpm | 4.59 | 1.84-1.79pm | 4.45 |
| Portugal | 133.30-133.60 | 133.40-133.50 | 50-105cdis | [illegible] | 175-325dis | -7.49 |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 34.35-34.45.

### CURRENCY RATES

| Dec 11 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | - | 0.75314 | 0.688301 |
| U.S Dollar | 6½ | 1.3832 | 1.26441 |
| Canadian $ | 8.75 | * | 1.64841 |
| Austrian Sch. | 3 | 15.8969 | 14.5205 |
| Belgian Franc | 7 | 47.2831 | 43.2270 |
| Danish Krone | 7½ | 8.7014 | 7.95313 |
| Deutsche Mark | 2½ | 2.2566 | 2.06352 |
| Neth. Guilder | 3½ | 2.54016 | 2.32133 |

### CURRENCY MOVEMENTS

### OTHER CURRENCIES

### EURO-CURRENCY INTEREST RATES

### EXCHANGE CROSS RATES

| Dec.11 | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| F Fr. | 0.984 | 1.808 | 2.948 | 232.1 | 10. | 2.405 | 3.317 | 2175. | 2.36 | 61.91 |
| S Fr. | 0.409 | 0.752 | 1.226 | 96.52 | 4.158 | 1 | 1.379 | 904.3 | 0.982 | 25.75 |
| H Fl. | 0.297 | 0.545 | 0.889 | 69.98 | 3.015 | 0.725 | 1 | 655.6 | 0.712 | 18.67 |
| Lira | 0.452 | 0.831 | 1.356 | 106.7 | 4.599 | 1.106 | 1.525 | 1000. | 1.085 | 28.47 |
| C $ | 0.417 | 0.766 | 1.249 | 98.33 | 4.236 | 1.019 | 1.405 | 921.3 | 1 | 26.23 |
| B Fr. | 1.589 | 2.920 | 4.762 | 374.9 | 16.15 | 3.884 | 5.357 | 3512. | 3.813 | 100. |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## MONEY MARKETS

# UK rates edge firmer

FEARS ABOUT inflation, US interest rates and the performance of the UK economy, were sufficient to offset the recent rise in sterling yesterday. This meant that UK interest rates were higher, especially in the long term.

The yield curve continued to sharpen and although many dealers saw room for another reduction in UK base rates, especially if the dollar loses more ground, the longer term outlook pointed quite clearly towards an upward trend.

One-year interbank money rose to 9⅛-9 p.c from 9⅛-8⅞ p.c. while the three-month rate

**UK clearing bank base lending rate 8½ per cent from December 4**

finished at 8⅝-8½ p.c. from 8⅝-8⅞ p.c. It was less than five weeks ago that the yield curve was virtually flat, with no difference between one month and 12-month money. The difference yesterday was ⅝ p.c..

The Bank of England forecast a shortage of around £950m with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £600m and a rise in the note circulation of £480m. These were partly offset by Exchequer transactions which added £140m and banks' balances brought forward a nominal £5m above target.

To help alleviate the shortage, the Bank offered an early round of assistance but declined to accept the rates at which bills were offered by the discount houses. This meant that, apart from very short dates, the cost of buying bills in the market was higher for the houses than the price offered by the authorities.

The forecast was revised to a shortage of around £1,000m and the Bank gave assistance in the morning of £668m through sale and repurchase agreements on bills at 8⅞ p.c., unwinding in equal amounts on December 29 and 30.

Further help in the afternoon came to £217m and comprised outright purchases of eligible bank bills in band 1 at 8⅜ p.c. Late help came to £130m, making a total of £1,015m.

A more favourable outlook on further reductions in base rates was reflected in the average rate of discount at the weekly Treasury bill tender. This fell to 8.0776 p.c. from 8.0872 p.c. The £100m of bills on offer attracted bids of £546m against £903m for a similar amount the previous week and all bills on offer were alloted. The minimum accepted bid was $97.975 compared with £97.98 and bids at that level were met as to about 29 p.c

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Dec.11) | 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|---|
| | bid 8⅛ | offer 8¼ | bid 8⅜ | offer 8⅜ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK (Lunchtime)**

| | |
|---|---|
| Prime rate | 8.75 |
| Broker loan rate | 8.25 |
| Fed.funds | 6⅞ |
| Fed.funds at intervention | 6⅞ |

**Treasury Bills and Bonds**

| | | | |
|---|---|---|---|
| One month | 3.87 | Three year | 8.28 |
| Two month | 5.49 | Four year | 8.51 |
| Three month | 6.09 | Five year | 8.64 |
| Six month | 6.77 | Seven year | 9.00 |
| One year | 7.25 | 10-year | 9.23 |
| Two year | 7.99 | 30-year | 9.41 |

| Dec.11 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 3.00-3.10 | 3.60-3.75 | 3.50-3.65 | 3.50-3.65 | 3.55-3.75 | 4.50 |
| Paris | 8.1875 | 8.3125 | 8.4375 | 8.5625 | 8.75 | 7.75 |
| Zurich | 1.00 | 3.875 | - | 3.75 | - | - |
| Amsterdam | 4.50 | 4.5625 | - | 4.6875 | - | - |
| Tokyo | 3.90625 | 4.03125 | - | 3.90625 | - | - |
| Milan | 10.25 | 11.50 | - | 11.50 | - | - |
| Brussels | 4.20 | 6.6875 | - | 6.75 | - | - |
| Dublin | 8.25 | 8.375 | 8.625 | 8.75 | 9.125 | - |

### LONDON MONEY RATES

| December 11 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 8.625 | 8.50 | 8.50 | 8.625 | 8.8125 | 9.125 |
| Interbank Bid | 7.00 | 8.25 | 8.375 | 8.50 | 8.6875 | 8.9375 |
| Sterling CDs | - | - | 8.50 | 8.50 | 8.6875 | 8.8125 |
| Local Authority Deps. | 8.50 | 8.375 | 8.4375 | 8.5625 | 8.75 | 9.00 |
| Local Authority Bonds | - | - | 8.6875 | 8.6875 | 8.75 | 9.0625 |
| Discount Mkt Deps. | 8.00 | 8.375 | 8.375 | 8.00 | - | - |
| Company Deposits | 8.625 | 8.625 | 8.50 | 8.6875 | 8.8125 | 9.0625 |
| Finance House Deposits | - | - | 8.50 | 8.625 | 8.875 | 9.125 |
| Treasury Bills (Buy) | - | - | 8.375 | 8.375 | - | - |
| Bank Bills (Buy) | - | - | 8.375 | 8.375 | 8.50 | - |
| Fine Trade Bills (Buy) | - | - | 9.00 | 9.00 | 9.125 | - |
| Dollar CDs | - | - | 8.40-8.35 | 8.15-8.10 | 8.15-8.10 | 8.40-8.35 |
| SDR Linked Dep Offer | - | - | 6.75 | 6.6875 | 6.75 | 6.875 |
| SDR Linked Dep Bid | - | - | 6.50 | 6.4375 | 6.50 | 6.625 |
| ECU Linked Dep Offer | - | - | 7.0625 | 7.125 | 7.1875 | 7.25 |
| ECU Linked Dep Bid | - | - | 6.9375 | 7.00 | 7.0625 | 7.125 |

Treasury Bills (sell); one-month 8⅜ per cent; three months 8¼ per cent; Bank Bills (sell): one-month 8⅜ per cent; three months 8¼ per cent; Treasury Bills; Average tender rate of discount 8.0776 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 30, 1987. Agreed rates for period December 26 to January 25, 1988, Scheme I: 10.51 p.c., Schemes II & III: 10.25 p.c. Reference rate for period October 1 to November 30, 1987, Scheme IV: 9.008 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9.5 from December 1, 1987: Bank Deposit Rates for sums at seven days notice per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7.5 per cent; one-three months 8.50 per cent; three-six months 8.50 per cent; six-nine months 8.50 per cent; nine-twelve months 8.50 per cent; Under £100,000 per cent from November 24, Deposits withdrawn for cash 5.00 per cent.

# LONDON STOCK EXCHANGE

# Equities inspired by takeover developments

**Account Dealing Dates**

| First Dealings | Option Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Nov 23 | Dec 3 | Dec 4 | Dec 14 |
| Dec 7 | Dec 17 | Dec 18 | Jan 4 |
| Dec 21 | Jan 7 | Jan 8 | Jan 18 |

*New time dealings may take place from 9.00 am two business days earlier.

AN OUTBREAK of takeover fever, concentrated on the oil share sector, set the London stock markets alight yesterday, overwhelming concerns for the implications for Britain's exporting companies of the renewed rise in the pound which has followed the disclosure of a record monthly trade deficit in the US.

The highlight was the announcement, just before the close, that **Britoil**, the independent UK oil exploration and production group, had found its White Knight in the form of Atlantic Richfield of the US, which has already bought a 7.7 per cent stake and intends to increase it to 29.9 per cent - just short of the level at which a full bid is required, but equalling the intended tender by British Petroleum, and presenting the UK Government, holder of the Golden Britoil Share with a difficult situation.

The buoyancy of the equity sector undermined theories of a flight into Government bonds, which fell by 1½ points and made no recovery despite the unexpected announcement of a new £1bn tap stock at the end of the session.

The excitement came within minutes of the official opening of the equity market when first **Tricentrol**, the independent oil group, and then **Freemans**, a major mail order group, came in for dawn raids, quickly followed by offers for their respective equities.

After a quiet start, equities sprang to life as the bid moves were opened, and moved up by more than 30 FT-SE points. Helped finally by a firm Wall Street, the FT-SE 100 Index closed 32 points up on the day at 1651.6.

The Index has climbed 4.3 per cent over the week. Helped at the beginning of the week by firmness in the dollar, UK equities have resisted the implications of the surge in the US trade deficit with the help of a rash of takeover moves and speculation. These were headed by Tuesday's dawn raid on Britoil, followed by hints of a bid for Sears, and then for the independent oil company.

The move against Tricentrol followed speculative interest in the independent oil stocks after the rise in Britoil shares indicated the board's distaste for the BP approach. The appearance of Elf-Aquitaine confirmed the international interest in the UK oil groups, resoundingly demonstrated by Atlantic Richfield's aggressive move into Britoil.

### FINANCIAL TIMES STOCK INDICES

| | Dec. 11 | Dec. 10 | Dec. 9 | Dec. 8 | Dec. 7 | Year Ago | 1987 High | 1987 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 88.37 | 88.94 | 89.17 | 89.08 | 89.04 | 82.24 | 93.32 (8/5) | 83.73 (19/10) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 96.21 | 96.52 | 96.49 | 96.59 | 96.75 | 89.00 | 99.12 (15/6) | 90.23 (2/1) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary ♥ | 1310.7 | 1285.0 | 1297.6 | 1294.9 | 1279.3 | 1280.4 | 1926.2 (16/7) | 1232.0 (9/11) | 1926.2 (16/7/87) | 49.4 (26/6/40) |
| Gold Mines | 327.3 | 324.3 | 324.8 | 317.3 | 313.2 | 311.7 | 497.5 (4/8) | 261.6 (6/11) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| Ord. Div.Yield | 4.72 | 4.85 | 4.78 | 4.81 | 4.87 | 4.47 | | | | |
| Earnings Yld. %(full) | 11.48 | 11.95 | 11.85 | 11.89 | 12.05 | 10.62 | | | | |
| P/E Ratio (net)(*) | 10.48 | 10.24 | 10.33 | 10.28 | 10.14 | 11.56 | | | | |
| SEAQ Bargains (5pm) | 23,258 | 25,469 | 21,136 | 23,382 | 20,542 | 30,340 | | | | |
| Equity Turnover (£m) | - | 1149.41 | 1042.39 | 1239.92 | 646.07 | 1166.95 | | | | |
| Equity Bargains | - | 25,222 | 23,463 | 25,024 | 21,438 | 45,522 | | | | |
| Shares Traded (ml) | - | 988.8 | 923.7 | 644.5 | 336.7 | 571.6 | | | | |

**S.E ACTIVITY**

| Indices | Dec.11 | Dec.10 |
|---|---|---|
| Gilt Edged Bargains | 114.6 | 98.9 |
| Equity Bargains | 163.4 | 152.0 |
| Equity Value | 2323.3 | 2106.9 |
| 5-Day average | | |
| Gilt Edged Bargains | 126.6 | 132.3 |
| Equity Bargains | 160.8 | 157.7 |
| Equity Value | 2067.5 | 1956.9 |

| Opening | 10 a.m. | 11 a.m. | Noon | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1287.9 | 1304.4 | 1302.7 | 1308.5 | 1309.7 | 1309.7 | 1308.8 | 1309.4 |

Day's High 1310.7 Day's low 1286.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S.E Activity 1974, * Nil=10.33.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

In domestic equities, the announcement that Sears is bidding £430m for Freemans - about a 70 per cent premium on the market price - was regarded as an extremely expensive defensive move by Sears, in which 10 per cent is now held by the Al-Fayed interests -owners of the House of Fraser retail group!

Beneath this speculative layer, the City's confidence in the strength of the UK economy remained undimmed. The disclosure of a 4.1 per cent rise in November retail prices was offset by the disclosure that computer errors have dogged these statistics for nearly two years.

Government bonds had another uncomfortable session which left some traders predicting that 10 per cent yields at the longer end was not far away. The announcement of a new £1bn tap stock caught the market by surprise. "It is unusual to sell a new stock onto a weak market", said one trader.

Prices sagged sharply in somewhat lacklustre business. Some analysts suggested that "risks are being run with inflation". Hopes of a cut in UK base rates have been reduced by the firmness of the equity sector despite the advance in the pound.

Index-linked stocks eased by ⅛ or so but were uncertain of the implications of the disclosure of computer errors on the UK inflation statistics.

Britoil, upstaged early in the day by **Tricentrol** and **Freemans**, nevertheless attracted a heavy business which picked up hugely at midday when Warburg Securities, the UK securities house, signalled willingness to pay 350p apiece for Britoil shares, a move immediately interpreted as a counter raid to BP's similar move on Tuesday morning.

As with BP's raid the identity of the bidder was unknown but initial guesses were almost exclusively British Gas. Britoil's share price quickly moved to 354p as the market awaited confirmation of the identity of the bidder and hard news of its intentions.

These were not forthcoming until 5 pm when it was announced that America's Atlantic Richfield, Britoil's partner in many ventures, had acquired a 7.7 per cent stake, or 38.75m shares and intended to buy up to 29.9 per cent, prior to an agreed arrangement with the Britoil board to exchange Atlantic's oil and gas assets outside the US for new Britoil shares which will lift Atlantic's stake to 49.9 per cent.

As the market digested the Atlantic/Britoil statement Britoil shares settled a net 58 higher at 352p; at the start of the week Britoil shares were changing hands at 173p. But dealers in oil are adamant that the Britoil saga is far from over -"everyone is waiting for British Gas to show their hand", said one. British Gas shares edged up 3 to 126p.

BP remained firmly in the picture -both because of its offer for Britoil shares and also the interest from the Kuwait Investment Office, which was again buying the "new" partly paid stock yesterday. The "new" shares settled unaltered on balance at 72p on a turnover of 34m shares, while the "old" hardened 3 to 248p.

Vindication of oil analysts views that a potential rationalisation of the sector is now underway came with the latest "dawn raid" in the sector - a move by French oil group Elf via broker Cazenove on **Tricentrol**. The French group instructed Cazenove to bid 145p a share for up to 14.9 per cent of Tricentrol, but this move could only attract a total of 1.3 per cent of Tricentrol shares.

This, together with a 5.5 per cent stake in Tricentrol bought by Elf from Trafalgar House overnight,and a stake already held. gave them a stake of 7.8 per cent. Elf then announced a full takeover of 135p a share, only to see Tricentriol's share price race up to 166p before settling a net 64½ higher at 165½p.

The market view in Tricentrol was that a much higher bid was needed to gain control and that many more potential bidders - Mobil was said to be a favourite - were waiting to pounce. Political problems with both Britoil and Tricentrol were also more likely that not, dealers said.

The rest of the oil sector spiralled upwards with big volumes said to have traded. **LASMO**, formerly the favoured bid stock in the sector, jumped 27 to 295p and **Enterprise** 46 to 235p. Other big movers included **Clyde Petroleum**, 23 up at 112p, **Ultramar**, which leapt 28 to 197p, **Carless** 11 firmer at 99p, and **Premier**, a like amount better at 58p. **Sovereign**leapt 16 to 96p. **Calor**, where talk of a bid from Hanson persists, rose 9 to 449p.

**Fisons** came into prominence and closed 15 higher at 250p after shares in Lyphomed, a US competitor. in the anti/Aids drugs field, had fallen sharply in New York on reports that the US Food and Drug Administration had ordered closure of its manufacturing plant.

Fisons recently announced the development of Pentamidine, a preventative treatment for the highly lethal Aids-related pneumonia, Pneumocyctis Carinii, which is expected to play a central role in the management of all patients with Aids.

**Freemans**, the mail order group, were the subject of a "dawn raid" from securities house Kleinwort Grieveson, who, acting for **Sears**, moved in at the outset of trading to bid 285p a share for up to 15 per cent of Freemans stock. In the event they picked up a 10.06 per cent stake- some 15.2m shares - and then announced a full bid of the same price for the remaining shares in Freemans, valuing the latter at around £430m.

Freemans share price soared to 299p - a net gain of 134 - mirroring market speculation that a counter offer, or a series of alternative offers could well be on the cards in the near future; Woolworths was one of the names mentioned in this context and there were numerous suggestions that offers for the group could be forthcoming from Italy or West Germany.

The news also triggered heavy support for **Empire Stores**, percieved by dealers to be another takeover target,despite share stakes totalling some 57 per cent being held by other groups, which jumped 20 tp 253p.

But the Freemans raid and bid was regarded by analysts are being bearish for Sears -" a 75 per cent premium is over-generous and looks a shade too much like a desperate move", said one stores watcher. **Sears** shares, boosted in mid-week by the Al-Fayeds' purchase of the Bell Group's 8.2 per cent stake and market buys of a further 2 per cent, eased 2 to 134p.

**Grand Metropolitan** responded to a strong "buy" recommendation from Morgan Grenfell Securities - the house reckons the shares are massively oversold and is looking for annual profits of £455m when the group reports on Thursday. But turnover was extremely disappointing and in generally one-way traffic the price rose 10 to 404p. Continued worries about the Monopolies and Mergers Commission report, which could pronounce unfavourably on the brewers tied estates system and price fixing policies, were again the dampener on business activity in the Brewery sector.

**Allied-Lyons** discarded early caution after the announcement of the formation of a new company. To be named Allied Distillers, it will focus upon the inter-related whisky operations of Allied Vintners and Hiram Walker-Gooderham & Worts. The shares of Allied-Lyon finally gained 6 on the session to 329p.

**British Airways**, up 6 at 143p, continued to attract considerable attention (around 2.1m shares changed hands) in the wake of the company's revised £200m offer for British Caledonian.

Assuming that the offer for British Caledonian is successful, Wood Mackenzie,the UK securities house, believes that BA's earnings performance in 1988/89 would be considerably enhanced and rates the shares a"buy".

**Minet** fell 16 to 449p amid worries of Lloyds opposition to the 475p a share cash bid from St Paul of Minnesota. **Sedgwick** were said to be a takeover candidate and moved up 9 to 203p, while bid talk also included **Hogg Robinson Gardner**, which jumped 12 to 126p. Lifes showed **Pearl** back in favour as a bid stock and 14 higher at 377p.

**Guinness** were again bought pending shareholders' approval of the group's proposal to buy its own stock and ended 7 dearer at 284p. Cidermaker **H.P.Bulmer** improved to 144p following comment. BZW Securities suggests that continued growth in the company's soft drinks and distribution businesses adds appeal to the recent interim statement that otherwise reflects the difficulties of the cider market.

**Ibstock Johnsen**, reflecting the announcement that the company is seeking the authority of shareholders to purchase up to 10 per cent of its own shares, advanced smartly to close 15 dearer at 145p. Other Building issues followed the general trend. **Tarmac** revived with a gain of 14 to 210p while **Bryant** edged up a few pence to 123p in response to press mention.

**Amersham**, regarded in some quarters as a possible takeover candidate, revived with a rise of 9 to 388p.

**Storehouse** made rapid progress and moved ahead 9 to 250p after a turnover of 3.6m; market speculation continues to include vague talk of a bid from **Woolworths** - up 5 to 261p. **AG Stanley** surged 22 to 1822p on news that Williams Holdings has built up a 4.9 per cent stake in the company.

The electricals and electronics sector made progress across the board with the notable exception of **Thorn EMI** which attracted profit-taking after a generally poor Press response to the results. **Ferranti** rose strongly after a recent "buy" recommendation from Phillips & Drew and put on 5 to 83p on a turnover of 7m. **STC**, ahead of an analysts meeting next week, rose 8 to 221p. **Crystalate's** figures were well received and the shares, also boosted by takeover talk, jumped 18 to 154p.

Engineers provided several notewothy movements. **Booth Industries**, reflecting the announcement that Simba Investments are interested in just over 7 per cent of the company's ordinary shares, advanced 10 to 200p. **McKechnie**, bought recently on yield considerations, edged up 6 more to 282p. Stake building speculation left **Ransomes Sims** 15 to the good at 250p while favourable Press mention generated small buying of **RHP**, which closed a few pence to the good at 165p. **T. Robinson**, a former high-flier, met with support and put on 14 to 335p.

The latest surge in corporate raiding activity encouraged revived speculative interest for established targets within the Food sector. **Cadbury Schweppes** were a prime candidate on hopes of a full bid from major stakeholder General Cinema and, although volume at 2.5m shares was relatively small when compared with recent levels, the price gained 9 to 250p. **Rowntree Mackintosh** were another beneficiary, rising 24 to 426p, while **Bejam** advanced 12 to 179p and **Booker** 15 to 356p. Enthusiasm for **RHM**, only narrowly higher at 307p, was muted by a story of Goodman Fielder playing down suggestions of an early all-out offer.

A pleasing first-half trading statement hoisted **Bristol Evening Post** 5 to 215p and **EMAP** went better in sympathy to finish 8 better at 175p. **Maxwell Communications** rebounded 7 to 210p but there was little else worthy of note in Newspapers. **Saatchi & Saatchi** were more prominent among Advertising Agencies with a rise of 11 to 434p while **VPI**, 8 up at 271p, attracted support after investment comment.

Hotels prospered for the same reason with **Trusthouse Forte** gaining 10 to 208p and **Ladbroke** rising 14 to 324p.

An easier opening trend in international stocks, reflecting currency uncertainties, was soon replaced by brighter trading conditions. Buying interest was selective, however, with **Beecham** moving ahead further to close 12 up at 446p in another relatively lively trade. **BTR** were also noteworthy for a gain of a similar amount, at 271p. A jump of 10 to 375p in **Reed International** gave rise to a revival of Rupert Murdoch stake building talk.

**British Aerospace** rose 15 to 320p following Aibus Industrie's announcement of an agreement with Iberia.

## Traditional Options

- First dealings Nov 30
- Last dealings Dec 11
- Last declarations Mar 3
- For Settlement Mar 14

*For rate indications see end of London Share Service*

Interest in the traditional option market remained at a low level. Stocks to attract money for the call included **Eagle Trust, Ultramar, Rosehaugh, London Securities, Astra Industrial, Rank Hovis McDougall, Premier Consolidated** and **Ossory**. Puts were arranged in **Brent Walker** and **Trust House Forte**, but no double options were reported.

## LONDON TRADED OPTIONS

December 11 Total Contracts 25,168 Calls 15,307 Puts 9,861

FT-SE Index Calls 1,057 Puts 1,308

*Underlying security price.

## NEW HIGHS AND LOWS FOR 1987

NEW LOWS (54).

INT.BANK & O'SEAS GOVT. STLG. ISSUES (1) AMERICANS (18) CANADIANS (2) BANKS (2) BUILDINGS (2) CHEMICALS (1) STORES (1) ELECTRICALS (4) ENGINEERING (3) FOODS (1) INDUSTRIALS (7) INSURANCE (3) LEISURE (2) PAPERS (2) PROPERTY (1) TRUSTS (9) OILS (4) PLANTATIONS (1)

# LONDON STOCK EXCHANGE

## DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargain done with non-member or executed in overseas markets.

### Corporation and County Stocks No. of bargains included3

London County 2½% Cons Stk 1920(or after) – £25 (8De87)
Greater London Council 6½% Stk 90/92 – £90
Birmingham Corp 3½% Stk 1946(or after) – £32 (7De87)
Bristol(City of) 11½% Red Stk 2008 – £106⅞ ⅝ (8De87)
Leeds(City of) 13¾% Red Stk 2006 – £121½ (4De87)

Lombard North Central PLC 5% Cum 2nd Prf £1 – 45 6 (7De87)
Midland Bank PLC 7½% Subord Uns Ln Stk 83/93 – £88 (7De87)
10¾% Subord Uns Ln Stk 93/98 – £103¾ 4¾
14% Subord Uns Ln Stk 2002/07 – £121 ¼ ½ ¾ ⅞
National Australia Bank Ld Ord Shs $A 1 – £7½ (4De87)
National Westminster Bank PLC 7% Cum Prf £1 – 60 8
9% Subord Uns Ln Stk 1993 – £100♦
12½% Subord Uns Ln Stk 2004 – £112½ 3¼

### UK Public Boards

### Foreign Stocks, Bonds, etc–(coupons payable in London)

### Sterling Issues by Overseas Borrowers

### Banks and Discount Companies

### Breweries and Distilleries

### Registered Housing Associations

### Commercial, Industrial, etc

### Insurance

### Investment Trusts

### Unit Trusts

### Financial Trusts, Land, etc

### Mines – Miscellaneous

### Mines – South African

### Oil

### Property

### Plantations

### Railways

### Shipping

### Utilities

### Water Works

### USM Appendix

Hornby Group PLC Ord 5p – 120 2 3
Johnson Fry PLC Ord 10p – 100
Marcol Group PLC Ord 5p – 63 (7De87)
Pathfinders Group PLC New Ord 5p (Fp/LA–23/12/87) – 20 (8De87)
Randsworth Trust PLC 7% Cum Cnv Red Prf £1 – 77
Rivlin PLC 5.125% (Net) Cnv Cum Red Prf £1 – 60½ 1 3
Shield Group PLC 5.84% Net Cnv Cum Red Prf £1 – 75 (4De87)
Sigmex International PLC Ord 10p – 65 75
Splash Products PLC Ord 10p – 92 5
Stanhope Properties PLC Ord 25p – 138 40 5 6 7 50 1
Swindon Private Hospital PLC Ord £1 – 200 (9De87)
Trevian Holdings PLC Ord 10p – £0.8
Tubular Exhibition Group PLC Ord 5p – 21
URS International Inc Shs of Com Stk $0.01 – 40 (8De87)
WSP Holdings PLC Ord 5p – 63 (8De87)
Wilkens Systems PLC Fixed Rate Cnv Cum Red Prf 2p – 105 (8De87)
Yelverton Investments PLC 8% Cnv Uns Ln Stk 1997 – £85 70

### The Third Market Appendix
No. of bargains included88

Kemp (P.E.) Hldgs PLC Ord 5p – 38

### RULE 535 (4) (a)
**Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.**

Abitibi-Price 931 (9/12)
ACMEX Holdings 75
Acorn Securities 20♦22,24
Alkane Exploration 5 (8/12)
Allstate Explorations 20 (7/12)
Amatil 230 (4/12)
America Barrick Resources Corp Com NPV C$28.07♦
Amos Department Stores 550♦

New Zealand Goldfields NZ$0.693 (8/12)
Niugini Mining A$6.1
Oceanic Equity Ord 39♦39
Oil Search 41♦
Pan Australian Mining 133♦ (9/12)
Pioneer Electronic Y2522½ (8/12)
Plenty River Mining Co 3♦3¼ (9/12)
Poseidon A$3.45
Sensormatic Electronics $8¾♦ (7/12)
Sky Line Explorn 400 (9/12)
Societe Nationale Elf Aquitaine FR230,29,245,246,252,254
Source Perrier FR503,171,505 (4/12)
Southwest Gold Mines 3♦4½
Sun Hung Kai Properties HK$7.65,7.8,8.1
Target Petroleum Ord 26¼
Target Petroleum 17 (7/12)
Valiant Consolidated 8 (7/12)
Vulcan Minerals 12 (8/12)
Wattie Inds. NZ$4.65
Wattle Gully Gold Mines 8
Wharf Hldgs HK$5.2 (8/12)

### RULE 535 (2)
**Applications granted for specific bargains in securities not listed on any exchange**

Adnams & Co. B £17,17½ (9/12)
Barbican Hldgs 2,3½ (4/12)
Bolton House Invs. 76,8,80 (4/12)
Channel Hotels & Properties 170,5 (9/12)
Channel Island Communications 450
Do. New 100 (8/12)
Conister Trust 118 (4/12)
De Grachy (Abraham) 650 (4/12)
Gale (George) 370,80 (8/12)
Jersey New Waterworks 3¼% Cum. 3rd Prf. 160 (4/12)
Kunick Leisure 40,2 4¼,5 (9/12)
Malhiot (Jaques) Wines 37½ (9/12)
Mid Sussex Water A £23
Norton Villiers Triumph 6½,7½ (9/12)
Park Lane Hotel 700
Rangers FC £12½
Red Rose Radio 75 (8/12)
Severn Valley Railway 35,40 (8/12)
Shepherd Neame 450,70 (8/12)
Southern Newspapers 290,300 (9/12)
Thwaites (Daniel) 715,20 (4/12)
Wolverhampton Racecourse 230

### RULE 535 (3)
**Dealings for approved companies engaged solely in mineral exploration**

Kenmare Resources 24

*By Permission of the Stock Exchange Council*

## EUROPEAN OPTIONS EXCHANGE

| Series | | Feb. 88 Vol | Feb. 88 Last | May 88 Vol | May 88 Last | Aug. 88 Vol | Aug. 88 Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $ 480 | 37 | 31.10 | 11 | 44 | - | - | $ 494 |
| GOLD C | $ 500 | 233 | 19 | 25 | 34 | 6 | 45 B | $ 494 |
| GOLD C | $ 520 | 144 | 12 | 29 | 24.50 | 9 | 35 | $ 494 |
| GOLD C | $ 540 | 45 | 6.80 | 56 | 16 B | 30 | 25 | $ 494 |
| GOLD P | $ 420 | - | - | - | - | 55 | 4 | $ 494 |
| GOLD P | $ 440 | 515 | 2.50 | - | - | 57 | 7.80 | $ 494 |
| GOLD P | $ 480 | 40 | 9.40 B | - | - | - | - | $ 494 |
| GOLD P | $ 500 | 131 | 18 | - | - | - | - | $ 494 |
| | | Dec. 87 | | Jan. 88 | | Feb. 88 | | |
| EOE Index C | Fl. 155 | 10 | 7.50 | 8 | 13.50 | 52 | 15 | Fl. 162.38 |
| EOE Index C | Fl. 160 | 86 | 4.50 | 7 | 10.50 | - | - | Fl. 162.38 |
| EOE Index C | Fl. 165 | 140 | 1.80 | 20 | 8 B | 20 | 11.50 | Fl. 162.38 |
| EOE Index C | Fl. 170 | 49 | 0.90 | 34 | 7 | - | - | Fl. 162.38 |
| EOE Index C | Fl. 175 | 30 | 0.20 | 16 | 4.50 B | - | - | Fl. 162.38 |
| EOE Index C | Fl. 180 | - | - | 30 | 3.20 | - | - | Fl. 162.38 |
| EOE Index C | Fl. 200 | 5 | 0.10 | 130 | 0.70 | - | - | Fl. 162.38 |
| EOE Index P | Fl. 155 | 303 | 0.80 | 30 | 6 | 53 | 10.20 | Fl. 162.38 |
| EOE Index P | Fl. 160 | 280 | 2.80 | 164 | 8 | 15 | 12.50 | Fl. 162.38 |
| EOE Index P | Fl. 165 | 98 | 5 | 57 | 12 | 35 | 15.50 | Fl. 162.38 |
| EOE Index P | Fl. 170 | 62 | 9.50 | 10 | 15 A | - | - | Fl. 162.38 |
| EOE Index P | Fl. 175 | 24 | 12 | - | - | - | - | Fl. 162.38 |
| EOE Index P | Fl. 185 | 74 | 22 | - | - | - | - | Fl. 162.38 |
| £/Fl C | Fl. 340 | 30 | 0.30 | - | - | - | - | Fl. 337.55 |
| $/Fl C | Fl. 180 | - | - | 520 | 4.50 | - | - | Fl. 183.95 |
| $/Fl C | Fl. 185 | 170 | 1 | 1450 | 2.50 | - | - | Fl. 183.95 |
| $/Fl C | Fl. 190 | - | - | 1001 | 0.80 | - | - | Fl. 183.95 |
| $/Fl P | Fl. 175 | - | - | 10 | 1 | 50 | 1.70 | Fl. 183.95 |
| $/Fl P | Fl. 180 | 18 | 0.30 B | 218 | 2.10 | 53 | 3.50 | Fl. 183.95 |
| $/Fl P | Fl. 185 | 320 | 1.95 | 51 | 4.20 | 195 | 6 | Fl. 183.95 |
| $/Fl P | Fl. 190 | 78 | 5.50 | 27 | 7.50 | - | - | Fl. 183.95 |
| $/Fl P | Fl. 200 | 61 | 16 | - | - | - | - | Fl. 183.95 |
| | | Jan. 88 | | Apr. 88 | | Jul. 88 | | |
| ABN C | Fl. 50 | - | - | - | - | 500 | 0.90 | Fl. 37.90 |
| ABN P | Fl. 40 | 31 | 2.80 | 113 | 4.20 | 2 | 5.80 | Fl. 37.90 |
| AEGON C | Fl. 55 | 126 | 2 | 6 | 3.80 | - | - | Fl. 52.10 |
| AHOLD C | Fl. 65 | 44 | 1.90 A | - | - | - | - | Fl. 58.50 |
| AHOLD P | Fl. 55 | 50 | 2.70 | 5 | 4.50 | - | - | Fl. 58.50 |
| AKZO C | Fl. 90 | 265 | 3.40 | 103 | 8.20 | 27 | 10 | Fl. 86 |
| AKZO P | Fl. 80 | 125 | 2.60 | 102 | 6.10 | 8 | 10 | Fl. 86 |
| AMEV C | Fl. 35 | - | - | - | - | 26 | 4 | Fl. 35 |
| AMEV P | Fl. 35 | - | - | - | - | 100 | 4.30 | Fl. 35 |
| AMRO C | Fl. 65 | 5 | 0.50 | 75 | 1.70 | - | - | Fl. 55.50 |
| AMRO P | Fl. 60 | 192 | 5 | - | - | - | - | Fl. 55.50 |
| ELSEVIER C | Fl. 40 | 560 | 3.50 A | 43 | 5.50 | - | - | Fl. 41 |
| ELSEVIER P | Fl. 35 | 101 | 1 | 87 | 2.50 | 100 | 4.50 | Fl. 41 |
| GIST-BROC. C | Fl. 45 | 245 | 0.10 | 5 | 0.70 | - | - | Fl. 23.50 |
| GIST-BROC. P | Fl. 22.50 | 6 | 1.50 A | 95 | 2.70 | 4 | 3.50 | Fl. 23.50 |
| HEINEKEN C | Fl. 140 | 40 | 1.20 | 2 | 4.10 | - | - | Fl. 116 |
| KLM C | Fl. 27.50 | 125 | 1 | 8 | 2.80 | 5 | 3.70 | Fl. 25.10 |
| KLM P | Fl. 22.50 | 8 | 1 | 104 | 1.80 | - | - | Fl. 25.10 |
| NEDLLOYD C | Fl. 120 | 27 | 6 B | 6 | 12.50 B | - | - | Fl. 116.50 |
| NAT.NED. C | Fl. 45 | 233 | 2.10 | 102 | 3.50 | 15 | 5 | Fl. 45 |
| NAT.NED. P | Fl. 50 | 195 | 6.20 | - | - | - | - | Fl. 45 |
| PHILIPS C | Fl. 35 | 163 | 0.40 | 4 | 1.40 A | 33 | 2 | Fl. 28.40 |
| PHILIPS P | Fl. 30 | 384 | 3 | 16 | 4.20 B | 1 | 5.50 | Fl. 28.40 |
| ROYAL DUTCH C | Fl. 200 | 179 | 4 | 146 | 10.30 | - | - | Fl. 192.50 |
| ROYAL DUTCH P | Fl. 180 | 189 | 2.20 | 32 | 5.90 | 10 | 10 | Fl. 192.50 |
| ROBECO P | Fl. 100 | 165 | 19.20 | - | - | - | - | Fl. 79.70 |
| UNILEVER C | Fl. 108 | 211 | 2 | - | - | - | - | Fl. 99.20 |
| UNILEVER P | Fl. 100 | 421 | 6.30 | 88 | 11.90 | 242 | 15.40 | Fl. 99.20 |

TOTAL VOLUME IN CONTRACTS : 30,399

A=Ask B=Bid C=Call P=Put

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 8½ | ● Charterhouse Bank | 8¼ | Nat Bk. of Kuwait | 8½ |
| Adam & Company | 8½ | Citibank NA | 8½ | NatWestminster | 8½ |
| Allied Arab Bk | 9 | City Merchants Bank | 8½ | Northern Bank Ltd | 8½ |
| Allied Dunbar & Co | 8½ | Clydesdale Bank | 8½ | Norwich Gen. Trust | 8½ |
| Allied Irish Bank | 8½ | Comm.Bk.N.East | 8½ | PK Finans. Int(UK) | 9 |
| American Exp.Bk | 8½ | Consolidated Cred | 8½ | Provincial Trust Ltd | 9½ |
| Amro Bank | 8½ | Co-operative Bank | *8½ | R. Raphael & Sons | 8½ |
| Henry Ansbacher | 8½ | Cyprus Popular Bk | 8½ | Roxburghe G'antee | 10½ |
| ANZ Banking Group | 8½ | Duncan Lawrie | 8½ | Royal Bk of Scotland | 8½ |
| Associates Cap Corp | 10 | Equat'l TstC'p plc | 9 | Royal Trust Bank | 8½ |
| Authority Bank | 8½ | Exeter Trust Ltd | 9 | Smith & Williams Secs. | 8½ |
| Banco de Bilbao | 8½ | Financial & Gen. Sec. | 9 | Standard Chartered | 8½ |
| Bank Hapoalim | 8½ | First Nat. Fin. Corp. | 10 | TSB | 8½ |
| Bank Leumi (UK) | 8½ | First Nat. Sec. Ltd. | 10 | UDT Mortgage Exp | §10.2 |
| Bank Credit & Comm | 8½ | ● Robert Fleming & Co. | 8½ | United Bk of Kuwait | 8½ |
| Bank of Cyprus | 9 | Robert Fraser & Ptrs. | 9½ | United Mizrahi Bank | 8½ |
| Bank of Ireland | 8½ | Girobank | 8½ | Unity Trust Plc | 8½ |
| Bank of India | 8½ | Grindlays Bank | 8½ | Western Trust | 8½ |
| Bank of Scotland | 8½ | ● Guinness Mahon | 8½ | Westpac Bank Corp. | 8½ |
| Banque Belge Ltd | 8½ | HFC Trust & Savings | 8½ | Whiteaway Laidlaw | 9 |
| Barclays Bank | 8½ | ● Hambros Bank | 8½ | Yorkshire Bank | 8½ |
| Benchmark Tst Ltd | 8½ | Heritable & Gen Inv Bk. | 8½ | | |
| Beneficial Trust Ltd | 10 | ● Hill Samuel | §8½ | | |
| Berliner Bank AG | 8½ | C. Hoare & Co. | 8½ | | |
| Brit Bk of Mid East | 8½ | Hongkong & Shangh | 8½ | | |
| ● Brown Shipley | 8½ | Lloyds Bank | 8½ | | |
| Business Mtge Tst | 9 | Meghraj Bank Ltd | 8½ | | |
| CL Bank Nederland | 8½ | Midland Bank | 8½ | | |
| Central Capital | 8½ | ● Morgan Grenfell | 8½ | | |
| Cayzer Ltd | 8½ | Mount Bnkg Cpn Ltd | 8½ | | |

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Sovewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. § Mortgage base rate. § Demand deposit 3.49% Mortgage 10% - 10.25%

## BANK RETURN

| BANKING DEPARTMENT | Wednesday December 9, 1987 | Increase (+) or decrease (-) for week | |
|---|---|---|---|
| LIABILITIES | £ | | £ |
| Capital | 14,553,000 | | |
| Public Deposits | 88,131,456 | - | 3,247,871 |
| Bankers Deposits | 1,044,035,944 | - | 71,792,609 |
| Reserve and other Accounts | 1,906,669,471 | + | 46,376,583 |
| | 3,053,389,871 | - | 28,663,897 |
| ASSETS | | | |
| Government Securities | 608,894,226 | + | 133,198,045 |
| Advance and other Accounts | 814,801,053 | - | 391,418,495 |
| Premises Equipment & other Secs | 1,620,480,797 | + | 233,618,768 |
| Notes | 8,821,025 | - | 3,989,482 |
| Coin | 392,770 | - | 72,561 |
| | 3,053,389,871 | - | 28,663,697 |
| ISSUE DEPARTMENT | | | |
| LIABILITIES | | | |
| Notes in circulation | 13,901,178,975 | + | 303,989,482 |
| Notes in Banking Department | 8,821,025 | - | 3,989,482 |
| | 13,910,000,000 | + | 300,000,000 |
| ASSETS | | | |
| Government Debt | 11,015,100 | | |
| Other Government Securities | 9,533,577,597 | + | 1,373,207,392 |
| Other Securities | 4,365,407,303 | - | 1,073,207,392 |
| | 13,910,000,000 | + | 300,000,000 |

## LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday December 10 1987

| | | | |
|---|---|---|---|
| Mining Finance | + 18.78 | All Share Index | - 2.55 |
| Metals & Metal Forming | + 13.14 | Chemicals | - 2.82 |
| Overseas Traders | + 11.78 | Industrial Group | - 3.12 |
| Property | + 10.05 | Telephone Networks | - 4.39 |
| Publishing & Printing | + 9.01 | Miscellaneous | - 4.42 |
| *Gold Mines Index* | + 8.79 | *Other Financial* | - 4.82 |
| Electricals | + 5.18 | Financial Group | - 4.72 |
| Food Manufacturing | + 5.03 | Building Materials | - 5.17 |
| Oil & Gas | + 4.88 | Stores | - 5.54 |
| Leisure | + 3.58 | Other Groups | - 5.61 |
| Health & Household Products | + 3.45 | Capital Goods | - 7.09 |
| Shipping & Transport | + 2.30 | Packaging & Paper | - 7.72 |
| Food Retailing | + 2.01 | Conglomerates | - 8.83 |
| Contracting,Construction | + 1.90 | Electronics | - 10.55 |
| *Insurance*(Composite) | + 1.46 | *Merchant Banks* | - 11.33 |
| Consumer Group | + 0.52 | Banks | - 12.67 |
| *Insurance*(Life) | - 0.90 | Investment Trusts | - 13.45 |
| Textiles | - 1.21 | Motors | - 16.39 |
| *500 Share Index* | - 2.00 | Mechanical Engineering | - 16.98 |
| Other Industrial Materials | - 2.26 | Agencies | - 17.04 |
| Brewers & Distillers | - 2.29 | Insurance(Brokers) | - 26.96 |

### RISES AND FALLS

| | On Friday Rises | On Friday Falls | On Friday Same | On the week Rises | On the week Falls | On the week Same |
|---|---|---|---|---|---|---|
| British Funds | 0 | 107 | 8 | 102 | 408 | 65 |
| Corporations, Dom. and Foreign Bonds | 2 | 20 | 31 | 39 | 76 | 150 |
| Industrials | 585 | 282 | 690 | 2,464 | 1,822 | 3,500 |
| Financial and Props | 222 | 143 | 264 | 842 | 763 | 1,540 |
| *Oils* | 52 | 17 | 41 | 178 | 113 | 260 |
| Plantations | 2 | 1 | 11 | 12 | 12 | 46 |
| Mines | 66 | 44 | 88 | 257 | 278 | 455 |
| Others | 31 | 119 | 99 | 418 | 342 | 477 |
| Totals | 960 | 733 | 1,232 | 4,312 | 3,814 | 6,493 |



# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|

**Abbey Unit Tst. Mngrs. (a)**
80 Holdenhurst Rd, Bournemouth 0345 717373

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

**Scimitar Asset Management Ltd**
8 Crosby Sq, London EC3A 6AQ 01-588 6995/4/5

| | | | | |
|---|---|---|---|---|
| Scimitar Global Gth Ac | 25.9 | 27.6 | — | — |
| Do. Income | 25.8 | 27.5 | — | 0.29 |
| Scimitar European Acc | 18.8 | 20.1 | -0.2 | — |
| Do. Income | 18.8 | 20.1 | -0.2 | 0.11 |
| Scimitar UK Eq Inc Acc | 29.9 | 31.5 | +0.1 | — |
| Do. Income | 28.6 | 30.2 | +0.1 | 5.98 |
| UK Cap Gth Acc | 20.0 | 21.1 | — | 0.75 |
| Scimitar Pac Basin Acc | 24.3 | 25.7 | — | — |
| Sceptre Mangd Exempt* | 126.7 | 132.0 | +0.9 | — |

*Non-dealing

**Scottish Equitable Fund Mgrs. Ltd(z)**
28 St Andrews Sq, Edinburgh 031-558 1051

| | | | | |
|---|---|---|---|---|
| Intel Income Units | 116.4 | 123.8 | — | 3.08 |
| Intel Accum Units | 178.0 | 189.4 | — | 3.08 |
| UK General Acc | 34.6 | 37.0 | +0.7 | 3.11 |
| UK General Inc | 33.3 | 35.6 | +0.7 | 3.11 |
| American | 24.7 | 26.4 | -0.3 | 0.84 |
| European | 33.2 | 35.4 | -0.1 | 0.94 |
| Japan | 50.6 | 54.1 | -0.1 | — |
| Technology | 31.4 | 33.6 | -0.3 | 1.42 |
| *Performance Trusts* | | | | |
| Far East Perf Tst | 13.9 | 14.9 | -0.6 | 0.64 |
| High Inc Perf Tst Inc | 21.4 | 22.9 | +0.1 | 5.37 |
| High Inc Perf Tst Acc | 21.8 | 23.3 | — | 5.37 |
| Worldwide Tact Perf Tst | 24.4 | 26.1 | +0.1 | — |

**Scottish Life Investments(z)**
19 St Andrew Sq, Edinburgh 031-225 2211

| | | | | |
|---|---|---|---|---|
| Nelson (UK Equity) | 186.9 | 199.9 | +1.2 | 3.19 |
| Columbus (America) | 108.8 | 116.4 | -0.1 | 1.39 |
| Marco Polo (Pacific) | 182.7 | 195.5 | -1.4 | 0.43 |
| Da Vinci (European) | 199.7 | 213.6 | +0.4 | 1.94 |
| Drake | 46.3 | 49.7 | -0.3 | 3.20 |

**Scottish Mutual Investment Managers Ltd**
109 St Vincent St, Glasgow G2 5HN 041-248 6100

| | | | | |
|---|---|---|---|---|
| UK Equity | 178.1 | 189.5 | +6.5 | 3.25 |
| UK Smllr. Cos. Equity | 177.5 | 188.9 | +1.3 | 2.49 |
| UK Special Situations | 49.7 | 52.9 | +1.3 | 4.91 |
| Income Plus | 47.9 | 51.0 | +0.4 | 6.92 |
| European | 148.4 | 157.8 | -0.1 | 2.05 |
| Far Eastern | 43.7 | 46.5 | -0.7 | 3.60 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**Trades Union Unit Trust Managers**
100 Wood Street, London EC2 01-606 4955

| | | | | |
|---|---|---|---|---|
| TUUT Dec 1 87 | 175.8 | 186.1 | — | 3.75 |

**Triton Fd Mngs. Ltd.**
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400

| | | | | |
|---|---|---|---|---|
| Triton Growth | 121.4 | 130.6 | -1.1 | 1.88 |

**Tyndall Unit Trust Managers Limited**
25 Bucklersbury, London EC4N 248 3999

| | | | | |
|---|---|---|---|---|
| Convertible & Gilt | 56.6 | 60.0 | +0.7 | 6.81 |
| Accum Units | 56.6 | 60.0 | +0.7 | 6.81 |
| Income | 70.8 | 75.0 | +0.3 | 5.79 |
| Accum Units | 70.8 | 75.0 | +0.3 | 5.79 |
| Smaller Co's | 77.4 | 82.0 | +0.6 | 1.79 |
| Accum Units | 77.4 | 82.0 | +0.6 | 1.79 |
| UK Growth | 79.8 | 84.6 | +0.5 | 1.61 |
| Accum Units | 79.8 | 84.6 | +0.5 | 1.61 |

**UK Unit Trust Managers Ltd**
Worthing Road, Horsham, RH12 1SL 0403 40053

| | | | | |
|---|---|---|---|---|
| British Growth Fd | 46.7 | 49.7 | -0.5 | 2.50 |

**Unit Trust Account & Mgmt. Ltd**
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisers: Henderson Crosthwaite Ltd

| | | | | |
|---|---|---|---|---|
| Friars Hse Cap Fd | 150.5 | 160.1 | — | — |
| Friars Hse Inc Fd | 136.7 | 145.9 | — | — |

**United Charities Unit Trusts (a)(c)(g)**
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

| | | | | |
|---|---|---|---|---|
| United Charities | 148.3 | 157.7 | +0.3 | 4.86 |

**Vanguard Trust Managers Ltd**
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

| | | | | |
|---|---|---|---|---|
| Abingdon Edin Assets | 145.2 | 154.5 | +3.1 | 2.44 |
| (Accum Units) | 148.0 | 157.6 | +3.0 | — |
| Far East & Gen | 46.8 | 49.8 | +0.4 | 0.42 |
| (Accum Units) | 46.8 | 49.8 | +0.4 | — |
| Master Portfolio | 60.683 | 62.290 | -0.385 | 3.16 |
| (Accum Units) | 62.098 | 63.690 | -0.362 | — |
| American & Gen | 49.2 | 52.5 | -1.7 | 2.21 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**Ambassador Life Ass. Co Ltd**
80 Holdenhurst Rd, Bournemouth

**American Life Insurance Co UK**
2-8 Altyre Road, Croydon

**Avon Insurance Plc**
Tiddington Rd, Stratford

**Baltic Assurance Fund**
20, Chiswell St, London

**Barclays Life Assur.**
252 Romford Road, London

# INSURANCES

[illegible]

Continued on next page

# FT UNIT TRUST INFORMATION SERVICE

**Phoenix Assurance Co Ltd**
Phoenix House, Redcliff Hill, Bristol 0272 294941

| | | | | |
|---|---|---|---|---|
| Life Assurance Funds | | | | |
| Wealth Assur. | 348.4 | 366.9 | — | — |
| Eb'r Ph. Eq. | 304.1 | 323.2 | — | — |
| Pension Plan Funds | | | | |
| Phoenix | | | | |
| UK Equity Acc. | 147.6 | 155.3 | +0.4 | — |
| International Acc. | 112.9 | 118.8 | -1.9 | — |
| Property Acc. | 120.2 | 126.5 | — | — |
| Fixed Interest Acc. | 147.7 | 155.4 | -0.8 | — |
| Money Acc. | 133.3 | 140.3 | +0.1 | — |
| Bldg. Soc. Link Acc. | 131.2 | 138.1 | +0.2 | — |
| Special Mngd. Acc. | 133.4 | 140.4 | -0.4 | — |
| Phoenix/Framlington | | | | |
| Intnl. Growth Acc. | 71.8 | 75.5 | +1.0 | — |
| Amer. & Gen. Acc. | 65.1 | 68.5 | +1.4 | — |
| Capital Tst. Acc. | 153.9 | 161.9 | +1.0 | — |
| Japan & Gen Acc. | 153.0 | 161.0 | +1.9 | — |
| American Turn. Acc. | 65.4 | 68.8 | +1.0 | — |
| Recovery Tst. Acc. | 138.9 | 146.2 | +1.0 | — |
| Special Mngd Acc. | 123.0 | 129.4 | +0.7 | — |
| Phoenix/GT | | | | |
| International Acc. | 108.6 | 114.3 | +1.4 | — |
| US & General Acc. | 79.1 | 83.2 | +2.0 | — |
| Amer Spec Sits Acc. | 53.2 | 56.0 | +1.5 | — |
| Japan & General Acc. | 151.1 | 159.0 | +2.1 | — |
| Far East & Gen. Acc. | 125.7 | 132.3 | +2.0 | — |
| UK Capital Acc. | 145.1 | 152.7 | +1.7 | — |
| European Acc. | 119.2 | 125.4 | +1.2 | — |
| Special Mngt. Acc. | 110.6 | 116.4 | +1.4 | — |

**Pioneer Mutual Insurance Co Ltd**
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

| | | | | |
|---|---|---|---|---|
| Managed Fund | 248.6 | 261.7 | — | — |
| Man Pen Inc & Cap Fds. | 313.8 | 330.4 | — | — |
| Money Fund | 110.3 | 116.2 | — | — |
| Pens. Mngd Fd (Init) | 73.9 | 77.8 | — | — |
| Pens Mngd Fd (Acc) | 81.9 | 86.3 | — | — |
| Pens FT30 Fd (Init) | 116.8 | 123.0 | — | — |
| Pens FT30 Fd (Acc) | 129.5 | 136.4 | — | — |
| Pens O'seas MgFd(Init) | 44.9 | 47.3 | — | — |
| Pens O'seas MgFd(Acc) | 49.8 | 52.5 | — | — |
| Pens Fxd Int Fd (Init) | 105.3 | 110.9 | — | — |
| Pens Fxd Int Fd (Acc) | 116.8 | 123.0 | — | — |
| Pens Deposit Fd (Init) | 100.3 | 105.6 | — | — |
| Pens Deposit Fd (Acc) | 111.3 | 117.2 | — | — |

**Premium Life Assurance Co Ltd**
Eastchester House, Haywards Heath 0444 458721

| | | | | |
|---|---|---|---|---|
| American | 73.0 | 77.0 | — | — |
| Building Soc. Fd. | 157.0 | 166.0 | +1.0 | — |
| Balanced | 209.0 | 220.0 | +1.0 | — |
| Deposit | 156.0 | 165.0 | — | — |
| European | 109.0 | 115.0 | +1.0 | — |
| GT Managed | 131.0 | 138.0 | — | — |
| Gartmore Mngd | 87.0 | 92.0 | — | — |
| German | 94.0 | 99.0 | +1.0 | — |
| Gilt | 155.0 | 164.0 | -2.0 | — |
| High Inc. | 109.0 | 115.0 | -4.0 | — |
| International Equity | 136.0 | 144.0 | +1.0 | — |
| Japan | 185.0 | 195.0 | — | — |
| Oppenheimer Mngd | | | — | — |
| Property | 231.0 | 244.0 | — | — |
| R. W. Imperial Gold | 97.0 | 103.0 | -1.0 | — |
| UK Equity | 246.0 | 259.0 | +4.0 | — |
| Pension Funds | | | | |
| American | 72.0 | 76.0 | -1.0 | — |
| Building Soc. Fd. | 145.0 | 153.0 | — | — |
| Balanced | 151.0 | 159.0 | -3.0 | — |
| Deposit | 144.0 | 152.0 | — | — |
| European | 108.0 | 114.0 | -8.0 | — |
| GT Managed | 137.0 | 145.0 | -1.0 | — |
| Gartmore Mngd | 86.0 | 91.0 | +1.0 | — |
| German | 88.0 | 93.0 | +1.0 | — |
| Gilt | 226.0 | 238.0 | -3.0 | — |
| International Equity | 85.0 | 90.0 | -1.0 | — |
| Japan | 124.0 | 131.0 | +4.0 | — |
| Oppenheimer Mngd | | | — | — |
| Property | 170.0 | 179.0 | — | — |
| UK Equity | 200.0 | 211.0 | -1.0 | — |

**Property Equity & Life Ass. Co**
Baxter Ave, Southend SS2 6QH 0702 334433

| | | | | |
|---|---|---|---|---|
| Int Man Pension Fd | 111.2 | 117.0 | — | — |
| Int Man Crncy Bd Fd | | 125.8 | — | — |
| Int Man Crncy Bd Fd(c) | | 115.7 | — | — |
| Flexible Prop. Bd. Fd. | | 148.9 | — | — |
| Flexible Money Bd. Fd. | | 304.1 | — | — |
| Special Man. Inc. Fd. | | 119.6 | — | — |

**Property Growth Assur Co Ltd**
Sun Alliance House, Horsham 0403 641411

| | | | | |
|---|---|---|---|---|
| Property Fund | | 336.3 | +0.1 | — |
| Property Fund (A) | | 322.8 | +0.1 | — |
| Agricultural Fund | | 370.7 | +0.1 | — |
| Agric. Fund (A) | | 348.4 | — | — |
| Abbey Nat. Fund | | 274.6 | +0.1 | — |
| Abbey Nat. Fd. (A) | | 276.4 | +0.1 | — |
| Investment Fund | | 189.5 | -0.7 | — |
| Investment Fund (A) | | 183.8 | -0.6 | — |
| Equity Fund | | 677.5 | +1.5 | — |
| Equity Fund (A) | | 658.7 | +1.9 | — |
| Money Fund | | 290.8 | +0.3 | — |
| Money Fund (A) | | 282.4 | +0.3 | — |
| Actuarial Fund | | 317.7 | -0.8 | — |
| Gilt-Edged Fund | | 254.3 | -1.8 | — |
| Gilt-Edged Fd. (A) | | 254.3 | -1.9 | — |
| Retire Annuity | | [illegible] | — | — |
| Immed. Ann'ty | | [illegible] | — | — |
| International Fd. | | 322.2 | -4.6 | — |
| Bldg. Soc. Life Fd. | | 145.5 | +0.1 | — |
| Property Growth Pensions & Annuities Ltd | | | | |
| All W'ther Ac. Uts. | 377.4 | 397.3 | — | — |

**Prudential Assurance Co**
Holborn Bars, London EC1N 2NH 01-405 9222

| | | | | |
|---|---|---|---|---|
| Prubond | | | | |
| Managed Dec 09 | 182.6 | 190.3 | — | — |

**Prudential Holborn Life Ltd**
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

| | | | | |
|---|---|---|---|---|
| Managed Fd. | 403.0 | 424.3 | -0.6 | — |
| Equity Fd. | 807.0 | 849.5 | +2.4 | — |
| Intnl. Fd. | 278.9 | 293.6 | — | — |
| Fixed Int. Fd. | 349.9 | 368.4 | -2.1 | — |
| Prop. Fd. | 296.1 | 311.7 | — | — |
| Cash Fd. | 231.7 | 243.9 | — | — |
| Pacific Basin Fd. | 153.5 | 161.6 | — | — |
| North American Fd. | 108.4 | 114.2 | — | — |
| European Fd. | 132.2 | 139.2 | +0.8 | — |
| Holborn Balanced Gwth Fd | — | — | — | — |
| Holborn Strategic Gwth Fd | — | — | — | — |

**Prudential Holborn Pensions Ltd**
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1662

| | | | | |
|---|---|---|---|---|
| Managed | 423.7 | 446.1 | — | — |
| Equity | 590.0 | 621.1 | — | — |
| Global Equity | 171.0 | 180.1 | — | — |
| Fixed Interest | 361.5 | 380.6 | — | — |
| Property | 296.9 | 312.6 | — | — |
| Cash | 135.5 | 142.7 | — | — |
| Index Linked Gilt | 161.5 | 170.1 | — | — |
| Guaranteed | 9.25 | 10.25 | — | — |
| International Money | 182.7 | 192.4 | — | — |
| North American Fd. | 50.2 | 52.9 | — | — |
| Japanese Fund | 98.19 | 103.3 | — | — |
| European Fund | 68.5 | 72.2 | — | — |
| Special Situations Fd. | 79.2 | 83.4 | — | — |
| Communications Fund | 68.4 | 72.0 | — | — |
| Smaller Cos Fund | 81.7 | 86.0 | — | — |

**Prudential Pensions Limited**
Holborn Bars, London EC1N 2NH 01-405 9222

| | | | | |
|---|---|---|---|---|
| Discretry Dec 9 | £111.65 | 114.91 | +0.95 | — |
| Equity Fund Dec 9 | £117.32 | 120.89 | +1.70 | — |
| Intnl Fund Dec 9 | £18.57 | 19.17 | +0.17 | — |
| Intl Bond Fd Dec 9 | £9.96 | 10.09 | +0.01 | — |
| Fixed Int Dec 9 | £64.00 | 65.70 | -0.57 | — |
| Index Linked Dec 9 | £48.69 | 49.25 | -0.15 | — |
| Property Fund Dec 9 | £72.84 | 77.33 | +0.09 | — |
| Cash Fund Dec 9 | £17.0 | 17.0 | +0.0 | — |
| Pru-Linked Retirement Plan | | | | |
| Managed Fd Dec 9 | 280.8 | 292.6 | — | — |
| Cash Fund Dec 9 | 170.0 | 177.1 | — | — |
| Prudential Pensions Investment Account | | | | |
| Pens Man Fd Dec 10 | 115.7 | 121.8 | — | — |
| Pens UK Eq Fd Dec 10 | 202.6 | 213.3 | — | — |
| Pens Int Fd Dec 10 | 134.3 | 141.4 | — | — |
| Pens Fxd Dec 8 | 148.2 | 156.0 | — | — |
| Pens Index Lk Dec 10 | 124.1 | 130.7 | — | — |
| Pens Cash Fd Dec 10 | 112.3 | 117.2 | — | — |

**Regency Life Assurance Co Ltd**
55-57 High Holborn, WC1V 6DU. 01-831 7481.

| | | | | |
|---|---|---|---|---|
| Aggressive Ptflo Fd. | 92.7 | 97.5 | -0.9 | — |
| Balanced Ptflo Fd. | 253.4 | 266.7 | -2.2 | — |
| Cautious Ptflo Fd. | 106.5 | 112.1 | -0.7 | — |
| Elite Fund | 87.6 | 92.2 | -1.6 | — |
| European Fund | 70.2 | 73.8 | +1.5 | — |
| Far East Fund | 91.3 | 96.0 | +2.5 | — |
| Fixed Interest Fund | 244.9 | 257.7 | -1.3 | — |
| International Fund | 200.1 | 210.6 | +2.0 | — |
| Money Fund | 163.0 | 171.5 | — | — |
| N. American Fd | 89.7 | 94.4 | -2.4 | — |
| Property Fund | 301.1 | 316.9 | -2.7 | — |
| UK Equity Fd. | 306.4 | 322.7 | -3.9 | — |
| A.I.M. Brown Shipley Fd. | 76.4 | 80.4 | -0.4 | — |
| Ashlands Sel. Inv. Fd. | 91.6 | 96.4 | -0.2 | — |
| Chart Safety First Bd. | 103.1 | 108.5 | — | — |
| Compass Fund | 68.1 | 71.7 | — | — |
| Exec Master Fd | 76.5 | 80.5 | -0.7 | — |
| Norwich Growth Fd. | 98.5 | 103.7 | -0.3 | — |

All funds have equivalent pension fund. Series J prices above. Others available from Regency Life.

**Reliance Mutual**
Reliance House, Tunbridge Wells, Kent. 0892 510033

| | | | | |
|---|---|---|---|---|
| Deposit Acc Fd | 112.7 | 118.7 | +0.1 | — |
| Equity Acc Fd. | 233.9 | 246.3 | +4.8 | — |
| Managed Acc Fd. | 219.8 | 231.3 | +0.8 | — |
| Prop Fd (1st Issue) | — | 457.5 | — | — |
| Prop Acc Fd (2nd Iss) | 138.4 | 145.7 | -3.4 | — |
| Unit Trust Mn. Fd. | 80.8 | 85.1 | +1.3 | — |
| RL Pension Fund | | | | |
| Deposit Acc | 139.1 | 146.4 | +0.2 | — |
| Equity Acc. | 167.6 | 176.4 | +4.1 | — |
| Fixed Int Acc. | 144.7 | 152.4 | -1.1 | — |
| Gilt Index Lnk Acc. | 115.6 | 121.7 | -1.9 | — |
| Managed Acc | [illegible] | [illegible] | [illegible] | — |

**Royal Heritage Life Assurance Ltd**
20 Clifton St, EC2A 4HX 01-920 0202/0731 248584

[illegible]

## MANAGEMENT SERVICES

[illegible]

## OFFSHORE AND OVERSEAS

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

[illegible]

# LONDON SHARE SERVICE

## BRITISH FUNDS

| 1987 High | Low | Stock | Price £ | + or - | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | "Shorts" (Lives up to Five Years) | | | | |
| 99[illegible] | 97[illegible] | Treas 7¾pc 1985-88‡‡ | 99[illegible] | ...... | 7.78 | 8.56 |
| 102[illegible] | 99[illegible] | Exch 10½pc '88 | 100[illegible] | | 10.42 | 8.38 |
| 103[illegible] | 99[illegible] | Treas 9½pc Cv '88 | 100[illegible] | | 9.69 | 8.42 |
| 98[illegible] | 93[illegible] | Transport 3pc '78-88 | 97[illegible] | | 3.07 | 7.05 |
| 101[illegible] | 98[illegible] | Treas 9½pc '88 | 100[illegible] | -[illegible] | 9.44 | 8.64 |
| 105[illegible] | 101[illegible] | Treas 11½pc 1989 | 102[illegible] | -[illegible] | 11.18 | 8.79 |
| 102[illegible] | 97[illegible] | Treas 9½pc Cnv 1989 | 100[illegible] | -[illegible] | 9.42 | 8.77 |
| 96[illegible] | 89[illegible] | Treas 3pc 1989 | 95[illegible] | -[illegible] | 3.14 | 6.32 |
| 104[illegible] | 99[illegible] | Treas 10½pc 1989 | 102[illegible] | -[illegible] | 10.24 | 8.79 |
| 103[illegible] | 98[illegible] | Exch 10pc 1989 | 101[illegible] | -[illegible] | 9.84 | 8.85 |
| 105[illegible] | 100[illegible] | Exch 11pc 1989 | 103[illegible] | -[illegible] | 10.64 | 8.91 |
| 96[illegible] | 89[illegible] | Treas 5pc 1986-89 | 95[illegible] | -[illegible] | 5.22 | 7.49 |
| 108[illegible] | 99[illegible] | Exch 10¼pc Cv '89 | 103[illegible] | -[illegible] | 9.95 | 8.47 |
| 111[illegible] | 104[illegible] | Treas 13pc 1990‡‡ | 107[illegible] | -[illegible] | 12.10 | 9.00 |
| 106[illegible] | 100[illegible] | Exch 11pc 1990‡‡ | 103[illegible] | -[illegible] | 10.62 | 9.07 |
| 110[illegible] | 103[illegible] | Exch 12½pc 1990 | 107[illegible] | -[illegible] | 11.69 | 9.06 |
| 92[illegible] | 84[illegible] | Treas 3pc 1990 | 91[illegible] | -[illegible] | 3.28 | 6.90 |
| 100[illegible] | 93[illegible] | Treas 8¼pc 1987-90‡‡ | 99[illegible] | -[illegible] | 8.32 | 8.61 |
| 105 | 97[illegible] | Treas 10pc Cv 1990 | 102[illegible] | -[illegible] | 9.78 | 9.07 |
| 91[illegible] | 81[illegible] | Exch 2½pc 1990 | 89[illegible] | -[illegible] | 2.80 | 6.58 |
| 110[illegible] | 102[illegible] | Treas 11¾pc 1991 | 107[illegible] | -[illegible] | 10.98 | 9.06 |
| 95[illegible] | 87[illegible] | Funding 5¾pc '87-91‡‡ | 93[illegible] | -[illegible] | 6.14 | 7.97 |
| 90[illegible] | 80[illegible] | Treas 3pc 1991 | 88[illegible] | -[illegible] | 3.39 | 6.86 |
| 110[illegible] | 98[illegible] | Treas 10pc Cv '91 ‡‡ | 103[illegible] | -[illegible] | 9.63 | 8.72 |
| 109[illegible] | 101[illegible] | Exch 11pc 1991 | 106[illegible] | -[illegible] | 10.38 | 9.11 |
| 99 | 91[illegible] | Treas 8pc 1991 | 96[illegible] | -[illegible] | 8.30 | 9.08 |
| 116[illegible] | 107[illegible] | Treas 12¾pc 1992‡‡ | 112 | -[illegible] | 11.39 | 9.17 |
| 106[illegible] | 97[illegible] | Treas 10pc 1992 | 102[illegible] | -[illegible] | 9.73 | 9.16 |
| 99[illegible] | 90[illegible] | Treas 8pc 1992 ‡‡ | 96[illegible] | -[illegible] | 8.32 | 9.09 |
| 108[illegible] | 99[illegible] | Treas 10½pc Cv 1992‡‡ | 104[illegible] | -[illegible] | 10.04 | 9.20 |

[illegible]

## BRITISH FUNDS – Contd

### Undated

[illegible]

### Index–Linked

[illegible]

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS

[illegible]

### Public Board and Ind.

[illegible]

### Financial

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

## AMERICANS

[illegible]

Continued on next page

## Money Market Trust Funds

[illegible]

## Money Market Bank Accounts

[illegible]

### UNIT TRUST NOTES

[illegible]

# LONDON SHARE SERVICE

## AMERICANS – Contd

| 1987 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 39 | 21½ | Rep NY Corpn $5 | 21¾xd | –¼ | $1.16 | – | 2.9 |
| 18¾ | 8¾ | Rockwell Intl. $1 | 9 | –¼ | 66c | – | 4.0 |
| 30½ | 16¼ | Sara Lee $1(1/3) | 18xd | –⅞ | $1.00 | – | 3.0 |
| 11½ | 8½ | Saul (B. F.) $1 | 8¾ | –¼ | 20c | – | 1.3 |
| 27½ | 2¼ | Southwestern Bell $1 | 17¾ | –1 | h$2.32 | – | 7.2 |
| 22⅛ | 994p | Staley Continental | 11⅛ | | 80c | – | 3.9 |
| 44½ | 21⅝ | Sun Co. Inc. $1 | 27⅝ | –1½ | $3.00 | – | 5.9 |
| 42¾ | 22⅛ | TRW Inc. $0.625 | 23½xd | –1½ | h$1.60 | – | 3.7 |
| 37¼ | 21⅞ | Tenneco $5 | 22⅝xd | –⅛ | $3.04 | – | 7.4 |
| 220 | 149½ | Do. 10pcLn.Stk. 91–5 | 155xd | | 10% | – | 14.7 |
| 29⅝ | 15⅞ | Texaco $6.25 | 17⅜xd | –¼ | $3.00 | – | 9.5 |
| 74½ | 36½ | Time Inc. $1 | 39⅝xd | –¼ | $1.00 | – | 1.4 |
| 20⅜ | 11 | Tracor $0.33(1/3) | 17¼xd | –⅞ | 40c | – | 1.3 |
| 30¾ | 15½ | Transamerica $1 | 16½xd | –⅛ | $1.84 | – | 6.3 |
| 14⅜ | 1¼ | Transworld Corp $5 | 816p | +124 | 20c | – | 1.3 |
| 27¼ | 12¼ | TRINOVA Corp. | 16¼ | –¼ | 56c | – | 1.9 |
| 24½ | 12⅝ | ♥USX $1 | 16½ | –¼ | $1.20 | – | 4.0 |
| 19⅝ | 9⅞ | Union Carbide $1 | 11⅞xd | +¼ | $1.50 | – | 7.3 |
| 37¼ | 16⅞ | Utd. Technologies | 17xd | –1⅛ | $1.40 | – | 4.5 |
| 38⅝ | 26¼ | US West‡ | 26¼ | –1⅛ | $3.28 | – | 6.8 |
| 30½ | 17⅛ | Waste Management $1 | 19⅝ | –⅝ | – | – | – |
| 31⅛ | 11⅝ | Whirlpool $1.0 | 11⅝ | –⅝ | – | – | – |
| 37¼ | 16½ | ♥Woolworth $3½ | 17⅝ | –1⅝ | $1.32 | – | 4.2 |

## CANADIANS

| 1987 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 691p | 227p | ABM Gold Corp ‡ | 300p | +5 | – | – | – |
| 26¾p | 10p | ♥Abbot Energy Corp. | 17p | | – | – | – |
| 18¾ | 506p | ♥Amer. Barrick Res. | 11¾ | | – | – | – |
| 141p | 6p | American Lightwave | 6p | –½ | – | – | – |
| 122p | 33p | ♥Armeno | 41p | +2½ | – | – | – |
| 117p | 39½p | Augmitto Expln. | 48p | +½ | – | – | – |
| 19¾ | 10⅝ | Bk. Montreal ‡ | 11⅞xd | | $2.00 | – | 7.6 |
| 10½ | 488p | Bk. Nova Scot. ‡ | 527p | –23 | 72c | – | 6.0 |
| 20⅝ | 15 | BCE ‡ | 15¼ | –¼ | $2.40 | – | 6.9 |
| 10⅜ | 511p | ♥Bow Valley ‡ | 600p | –4 | ♦40c | – | 2.9 |
| 20 | 10⅝ | ♥Bracan ‡ | 10⅛ | –⅜ | 88c | – | 3.8 |
| [illegible] | | | | | | | |

## BANKS, HP & LEASING

[illegible]

### Hire Purchase, Leasing, etc.

[illegible]

## BEERS, WINES & SPIRITS

[illegible]

## BUILDING, TIMBER, ROADS

[illegible]

## BUILDING, TIMBER, ROADS – Contd

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY AND STORES – Contd

[illegible]

## ELECTRICALS

[illegible]

## ENGINEERING

[illegible]

## ENGINEERING – Contd

[illegible]

## FOOD, GROCERIES, ETC

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS (Miscel.) – Contd

[illegible]

## INDUSTRIALS (Miscel.) – Contd

[illegible]

## INSURANCES

[illegible]

## INSURANCES – Contd

| 1987 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 516 | 300 | Pearl Group 5p | 337 | +14 | ‡10.5 | – | 4.3 | – |
| *£11¼ | 733 | Prudential | 773 | +23 | 129.0 | – | 5.0 | – |
| 598 | 350 | Refuge 5p | 390 | +17 | 15.75 | – | 5.5 | – |
| 595 | 345 | Royal | 377 | +13 | ‡h15.5 | – | 5.6 | – |
| 110 | 75 | Sabre Ins. Res. | 75 | | – | – | – | – |
| *345 | 168 | Sedgwick Group 10p | 203 | +9 | 12.0 | 1.7 | 8.1 | 8.7 |
| 299 | 138 | Steel Burrill J.10p | 138 | –2 | †9.0 | 2.0 | 8.9 | 7.7 |
| 612 | 303 | Sturge Hldgs 20p | 318 | | †6.0 | 2.5 | 2.6 | 20.8 |
| £12⅞ | 645 | Sun Alliance | 775 | +17 | †23.5 | – | 4.2 | – |
| £13 | 865 | Sun Life 5p | 880 | +5 | †28.5 | – | 4.4 | – |
| £69⅝ | £36¾ | ♥Taisho M EDR | £45⅝ | +¾ | ‡010% | – | 0.9 | – |
| £22⅛ | £12⅞ | Torchmark $1.00 | £12⅞ | –⅛ | Q$1.00 | – | 4.3 | – |
| 410 | 235 | Trade Indemnity | 357 | | †4.5 | – | 1.6 | – |
| £34 | £17¾ | Travelers $1.25 | £17¾ | –⅞ | $2.20 | – | 7.8 | – |
| £30¼ | £16 | USF & G Corp $2.50 | £16 | –⅝ | Q$2.48 | – | 8.5 | – |
| £33⅝ | £15½ | USLIFE Corp. $1.0 | £16 | | Q$1.28 | 3.2 | 4.4 | 7.3 |
| 738 | 555 | ♦Utd Friendly B 10p | 570 | | 21.0 | – | 5.0 | – |
| 464 | 192 | Willis Faber 12½p | 203 | +1 | †10.75 | 2.4 | 7.3 | 7.7 |
| 128 | 42 | Windsor Secs. 10p | 60 | | †0.7 | 1.5 | 1.6 | – |

## LEISURE

| 1987 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 35½ | 18 | ♦A & M Group 10p | 23 | +1 | – | – | – | – |
| 242 | 80 | Airtours 10p | 88 | –3 | L6.6 | ♦ | 9.8 | ♦ |
| *549 | 253 | Anglia TV | 269 | +4 | †g11.25 | 3.3 | 5.7 | 7.5 |
| 194 | 77 | ♦Aspinall Hldgs. 10p | 160 | | ‡6.0 | 1.2 | 5.1 | 21.9 |
| 141 | 62 | ♦Avesco 1p | 70 | | 0.5 | 4.7 | 1.0 | 19.8 |
| 72 | 40 | ♦BCE Hldgs 5p | 47 | –1 | L61.0 | ♦ | 2.9 | ♦ |
| 300 | 132 | Barr & W.A.T. 'A' | 185 | | †8.0 | 1.4 | 5.9 | 15.1 |
| 58 | 22 | Bond Media | 24 | | – | – | – | – |
| 235 | 165 | Boosey & Hawkes | 172 | +2 | – | – | – | – |
| 83 | 28 | ♦Border T.V. | 42 | +1 | 1.4 | ♦ | 4.4 | ♦ |
| *439 | 43½ | Brent Walker 10p | 261 | +6 | †g8.5 | 2.2 | 5.2 | 12.6 |
| 124 | 79 | Do 6pc.Cv.Cm.Rd.Pf. | 91xd | +1 | 6.0 | – | 9.0 | – |
| *338 | 110 | Campari Intl. 20p | 177 | +3 | †3.0 | 5.1 | 2.3 | 9.1 |
| 306 | 152 | ♦Castle Comms. 5p | 162 | –3 | L7.0 | 2.0 | 6.1 | 11.3 |

[illegible]

## MOTORS, AIRCRAFT TRADES

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PAPER, PRINTING, ADVERTISING – Contd

[illegible]

## PROPERTY

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TEXTILES – Contd

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## TRUSTS, FINANCE, LAND – Contd

[illegible]

### Finance, Land, etc

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS – Contd

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

### Australians

[illegible]

## MINES – Contd

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## THIRD MARKET

[illegible]

### NOTES

[illegible]

## REGIONAL & IRISH STOCKS

[illegible]

### IRISH

[illegible]

## TRADITIONAL OPTIONS

3-month call rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page

FINANCIAL TIMES

Saturday December 12 1987



# US senate passes $22.6bn savings package

BY LIONEL BARBER IN WASHINGTON

THE US SENATE has passed the bulk of a two-year $76bn (£41.4bn) budget deficit reduction plan as set out under *last* month's accord between Congressional leaders and the White House.

The Senate vote involves savings of $22.6bn and removes one more obstacle to the budget package, which will take final shape in joint talks between the Senate and House of Representatives before going to the President to be signed into law.

The US Congress is racing to complete the mix of tax rises and spending cuts before the end of next week when a measure temporarily financing the Government's operations expires. Financial markets have been unsettled by the lack of progress on cutting the budget deficit, which amounted to $148bn in the 1987 tax year.

*The Senate measures* would raise taxes by $9bn and cut spending by some $13.5bn in the current fiscal year. A move by disgruntled Republicans, who wanted bigger spending cuts, was easily defeated by 71 votes to 25.

*The White House-Congress* pact, agreed on November 20, calls for budget deficit cuts of $30.2bn in the 1988 fiscal year which began on October 1, and $45.8bn the following tax year.

The deficit in the current fiscal year is likely to be about $180bn without Congressional action.

One unresolved issue is future Congressional funding for the Nicaraguan Contra rebels. The Administration wants about $23m of non-military aid for the Contras, but many Democrats, particularly in the House of Representatives, argue that further aid could jeopardise the Central American peace plan. Stop-gap funding for the Contras runs out on Wednesday.

The other vehicle for the $76bn deficit reduction package is a "catch-all" spending bill known as a continuing resolution. The Senate was due last night to begin debate on the $606bn spending bill, which includes some $7.6bn cuts in defence and domestic programmes.

The bill the Senate has now passed calls for the creation of a National Economic Commission to recommend ways of cutting the budget deficit. Some have suggested the new body could be chaired by Mr Paul Volcker, former chairman of the Federal Reserve, the US central bank.

**Simon Holberton adds:** The Senate's passage of the deficit reduction measures had little effect on financial markets, which remained preoccupied with the weakness of the US dollar and fears that the Administration would do little to arrest its decline.

In Europe the dollar fell to new lows against major currencies during the morning. It recovered some of the falls later in the day, but this reflected technical market factors not associated with any re-evaluation of the US currency.

*The dollar's weakness was carried* through to dealing in New York, where there was widespread concern over US policy and the country's poor trading performance. On Thursday, the US Commerce Department released trade figures for October showing a record deficit of $17.6bn.

In London, the stock market ended the week higher, but this appeared to have more to do with takeover activity than any sign that City institutions were prepared to commit fresh money to the market.

The FT-SE 100 Share index closed 32 points up at 1,651.6 to end the week 4.3 per cent above last Friday's close. The FT Ordinary share index closed 25.7 up at 1,310.7.

The absence of any *significant* institutional support for gilt-edged securities left the gilt market down on the week. *Sentiment did not seem to benefit* from a Bank of England announcement that it would offer £1bn of convertible gilts for sale by tender next Wednesday.

In London, the dollar closed at DM1.6315 compared with DM1.6365 on Thursday and at Y128.45 compared with Y129.4 previously.

The pound closed at $1.8380 compared with $1.8305 on Thursday and at DM2.9975 compared with DM2.9950 previously.

**Markets, Page 11**

# County to acquire Wood Mackenzie

*By Richard Waters*

COUNTY NATWEST, the investment banking arm of National *Westminster Bank, is to acquire* Wood Mackenzie, the securities firm, in a deal which marks the first important realignment in the *UK* securities industry since the stock market crash

The deal also signals the end of the unsuccessful marriage of Hill Samuel and Wood Mackenzie, one of several alliances created to take advantage of London's Big Bang last year. Hill Samuel was acquired by TSB in October.

The price being paid by *County has not been revealed.* However, it is believed to be nearer £30m than the £50m price tag thought to have been put on Wood Mackenzie when it was first offered for sale just before the stock market crash.

Redundancies will follow the merger but their number will not be decided until after Christmas.

Talks were held with "between eight and 10" suitors for Wood Mackenzie, with two foreign institutions still in the running until the beginning of this week, *said Mr John Chiene, the former* stockbroking firm's chairman.

Mr Jonathan Cohen, County NatWest chief executive, said the new County securities operation, with 1,000 staff including an institutional sales force of 80, would be among the top three or four in London.

Mr Chiene said it would have a 12-14 per cent share of all institutional commission-based business and a similar percentage of equity market making related to ultimate purchasers (as opposed *to inter-dealer business*).

National Westminster is to provide extra capital to reinforce the new operation. Although the amount of the recapitalisation has not yet been decided, the equities side of the business will absorb about an extra £10m.

County bought two small firms before Big Bang – stockbrokers Fielding Newson-Smith and market makers Bisgood Bishop.

"We always had the intention of building on to these at a later stage," said Mr Charles Villiers, chairman of NatWest Investment Bank.

Mr Chiene is to become chairman of County's securities business *in place of Mr Philip Rimell,* who is expected to resign from the group. Two other Wood Mackenzie men, Mr Robert Norbury and *Mr Scott Dobbie*, will become deputy chairman and managing director respectively.

**Details, Page 8**

# Sears bids £430m for control of Freemans mail order group

BY NIKKI TAIT

A £430m BID BATTLE has broken out between Sears, Britain's biggest retail group, and Freemans, the mail order business which also takes in the Warehouse fashion chain.

As the market opened yesterday, Kleinwort Grieveson, stockbrokers to Sears, launched a "dawn raid" on Freemans. Within hours, they had netted a 10.1 per cent stake and a full bid - offering 285p a share in cash or a loan note alternative - was unveiled.

The bid terms, however, were strongly rejected by Freemans last night. The mail order group, which ranks third with about 14 per cent of Britain's £3.2bn mail order market, described the offer as "unsolicited and opportunistic". The terms, it added, significantly under-valued Freemans' longer-term potential.

In the market, Freemans shares, which closed on Thursday at 165p, quickly moved beyond the offer price and closed at 300p. Last night, Mr Ralph Aldred, Freemans' managing director, denied that the company was necessarily committed to independence. The feeling among analysts was that Sears might either be obliged to go higher or that a "white knight" could be found.

Just under 10 per cent of Freemans shares are held by its mail order rival, Great Universal *Stores, which was not yesterday* available for comment.

The Sears bid is the latest in a number of link-ups between high street retailers and mail order groups – most notably, last year's merger of a high street chain called Next, with Gratten, which takes about 12 per cent of the mail order market.

Freemans is seen as the last available entrant into the sector and has the added attraction of having a younger south-east market bias. In the year to the end of last January, it made pre-tax profits of £32.4m on sales of £405.4m. In the current year, profits are expected to be only marginally higher and for 1988-89 forecasts range between between £38m and £40m.

If successful, the takeover will fulfil a long-standing ambition for Sears. The company, which takes in footwear, jewellery, and betting interests as well as a number of retail chains and department stores, built a 20 per cent stake in Freemans in the early-seventies, only to sell out in 1977 after Freemans had rejected any merger.

Sears' plans include the expan*sion of Freemans' specialist* catalogues, based on the Wallis, Miss Selfridge and Olympus names as well as extension of Sears mer*chandise into Freemans' main* catalogue. Sears says it would also substantially enlarge the Warehouse chain.

The deal will be financed through additional borrowings. Sears' gearing was negligible at the last year-end and the company is expected to benefit from a property surplus when the five-year revaluation is completed in January.

The high street group has itself been the subject of bid speculation recently and on Thursday *the Al-Fayed brothers, owners of* Harrods, emerged as buyers of a loose stake previously held by Mr Robert Holmes a Court, the Australian businessman.

Sears is advised by Kleinwort Benson and Freemans by Morgan Grenfell.

**Details, Page 8**

# Vernons Pools likely to be sold

**By Philip Coggan**

MR Robert Sangster, the racehorse owner, is negotiating the sale of Vernons Pools, the private company on which his family's fortune is based, to Thomson T-Line, an industrial holding company.

During *the last football season*, the total amount staked by gamblers with Vernons was £127.4m.

Thomson T-Line, which was a shell company two years ago when it was taken over by businessmen Mr Julian Askin and Mr Hugo Biermann, announced yesterday that it had acquired an option to buy the pools and related businesses of Vernons. The option expires at the end of next month.

The pools business was established by Mr Sangster's father, Vernon, *in the 1920s. It is the* second largest UK pools operator, although its business is dwarfed by that of Littlewoods, another private Liverpool company, which has about three-quarters of the market.

Vernons accounts for about 21 per cent of the total amount staked on the pools in the UK, and last year paid £32.3m to winners.

It was on the back of the cash flow from pools that the Sangster family built up its private *business empire, but the interest* in racehorse owning only emerged in the 1970s. Mr Sangster spent heavily on building up a stable, and although he *has* had much success - twice winning the Epsom Derby and the Prix de l'Arc de Triomphe - Vernons' borrowings have substantially increased.

Vernons said yesterday that the Sangster family would keep its other non-pools businesses and Mr Sangster's racing interests would be unaffected.

The pools company will continue to be based in Liverpool and Mr Sangster will remain as chairman. He will join the *Thomson T-Line board.*

Mr Sangster's son, Guy, works as an analyst for Thomson T-Line which Mr Askin and Mr *Biermann* have built up by a series of acquisitions of industrial holding companies into a group that analysts predict could make more than £6m in pre-tax profits this year.

Thomson T-Line is attracted by the cash-generating nature of the pools business, which it hopes will fund its expansion as an industrial group. Mr Askin would not comment on Vernons' profits, but said that reports that the pools business lost £371,000 in 1985 were based on a misunderstanding of the Vernons' accounts.

"You'd have to be a genius to lose money running a pools business," he said.

# NHS finance changes delayed

BY PETER RIDDELL, POLITICAL EDITOR

MRS MARGARET THATCHER and her closest ministerial allies have agreed that any fundamental changes in the financing of the National Health Service will have to wait until the early-1990s and a possible fourth term in office by the Tories.

Senior ministers recognise *fully the extent of the political* pressure they face over the service. In the short term they plan *a counter-attack, starting next week with an announcement on* the allocation of extra money for health authorities next year.

However, ministers believe any radical restructuring *is a longer*-term question. It will have to be fully debated, given both the inherent difficulties of possible changes and the need to gain the widest possible public acceptance. Any proposals would then be included in the Tory manifesto.

Mrs Thatcher has apparently made this view known to her *senior colleagues* and it is shared by her closest Cabinet allies.

Among ideas being informally discussed by ministers and free-*market* backbenchers is that of extending collaboration between public and private sectors.

This might be coupled with creation of a competitive market between district health authorities in providing services, *within* the framework of a system which is broadly free to patients.

Mrs Thatcher has ruled out giving extra tax-relief to individuals who take out private health insurance.

Ministers accept that current worries about the service's state are on a different scale from those of the past and that the *service remains an area of political weakness.*

The immediate response will be next week's announcement *from Mr Tony Newton, the* Health Minister, on the allocation of increased spending for 1987-88.

Ministers are sceptical of demands for across-the-board increases beyond those *announced in the Autumn Statement* five weeks ago. They say more should be found from efficiency savings and new revenue sources.

There were also reports yesterday that Mrs Thatcher had:

- Told Sir Roy Griffiths, deputy chairman of the NHS management board, to halt ward and bed closures.
- *Said health authorities should* find necessary money from tougher negotiations with suppliers and delays in payments.

However, there have been signs that a limited amount of money could be made available from the contingency reserve for specifically targeted projects, to cut waiting-lists.

A key test will come in early *spring when the Government* decides how much of the extra money needed to finance the official Pay Review Board's *proposals on restructuring of nurses'* pay will come from within already-agreed budgets and how much from the reserve.

The Autumn Statement showed that the cash provision for health and personal social services was projected to rise by £1.1bn, to £20.7bn, between this year and 1988-89, about £810m more than previously planned.

Health authorities in England are to receive an extra £700m next year, about £479m more than previously planned, with a further £150m from cost-improvement programmes.

## CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | | |
|---|---|---|---|
| Beecham | 446 | + | 12 |
| Bejam | 179 | + | 12 |
| Brit. Aerospace | 330 | + | 15 |
| Britoil | 352 | + | 58 |
| Cable & Wireless | 323 | + | 17 |
| Carless Capel | 99 | + | 11 |
| Courtaulds | 332 | + | 14 |
| Dowty | 164½ | + | 14½ |
| E.R.F. | 195 | + | 18 |
| Empire Stores | 253 | + | 20 |
| Enterprise Oil | 285 | + | 46 |
| Fisons | 250 | + | 15 |
| Freemans | 300 | + | 135 |
| Grand Met. | 404 | + | 10 |
| Ibstock Johnsen | 145 | + | 15 |
| Lon. Merchant Secs. | 86 | + | 10 |
| Lucas Inds. | 491 | + | 14 |
| Rowntree | 438 | + | 24 |
| Saatchi & Saatchi | 434 | + | 11 |
| Stanley (A.G.) | 182 | + | 22 |
| Steetley | 290 | + | 18 |
| Tarmac | 220 | + | 14 |
| Tricentrol | 165½ | + | 64½ |
| **FALLS** | | | |
| Treas. 13½% '04-08 | £130⅞ | – | 1⅜ |
| Treas. 2½% IL 2013 | £87[27]/32 | – | ⅝ |
| Minet Hldgs. | 449 | – | 16 |

## WORLDWIDE WEATHER

| | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | F | 13 | 55 | Dallas † | F | 6 | 43 | Madeira | S | 21 | 70 | Prague | C | 2 | 36 |
| Algiers | S | 20 | 68 | Dublin | S | 7 | 45 | Madrid | C | 12 | 54 | Reykjavik | C | 6 | 43 |
| Amsterdam | C | 7 | 45 | Dubrovnik | S | 10 | 50 | Majorca | S | 18 | 64 | Rhodes | F | 16 | 61 |
| Athens | C | 14 | 57 | Edinburgh | C | 3 | 37 | Malaga | Dr | 15 | 59 | Rio de Janeiro | | – | – |
| Bahrain | S | 21 | 70 | Faro | C | 17 | 63 | Malta | F | 16 | 61 | Rome | S | 9 | 48 |
| Barcelona | F | 13 | 55 | Florence | S | 5 | 41 | Manchester | C | 3 | 37 | Salzburg | C | -2 | 28 |
| Belfast | C | 6 | 43 | Frankfurt | C | -1 | 30 | Melbourne | C | 19 | 66 | S'Francisco † | F | 10 | 50 |
| Belgrade | Fg | -6 | 21 | Geneva | C | 0 | 32 | Mexico City | | – | – | Santiago | | – | – |
| Berlin | S | 4 | 39 | Gibraltar | C | 16 | 61 | Miami † | F | 20 | 68 | Seoul | S | -1 | 30 |
| Biarritz | C | 16 | 61 | Glasgow | C | 5 | 41 | Milan | S | 5 | 41 | Singapore | R | 25 | 77 |
| Birmingham | C | 2 | 36 | Guernsey | F | 2 | 36 | Montreal † | C | 3 | 37 | Stockholm | S | -4 | 23 |
| Blackpool | C | 4 | 39 | Helsinki | S | -11 | 12 | Moscow | Sn | -2 | 28 | Strasbourg | C | -1 | 30 |
| Bombay | F | 30 | 86 | Hong Kong | S | 21 | 70 | Munich | C | 0 | 32 | Sydney | C | 23 | 73 |
| Bordeaux | S | 8 | 46 | Innsbruck | S | -3 | 27 | Nairobi | F | 26 | 79 | Tangier | C | 17 | 63 |
| Boulogne | F | 4 | 39 | Inverness | C | 4 | 39 | Naples | S | 11 | 52 | Tel Aviv | F | 21 | 70 |
| Bristol | F | 2 | 36 | Isle of Man | C | 7 | 45 | Nassau | | – | – | Tenerife | C | 23 | 73 |
| Brussels | R | 2 | 36 | Istanbul | C | 8 | 46 | Newcastle | R | 5 | 41 | Tokyo | C | 12 | 54 |
| Buenos Aires | | – | – | Jersey | F | 3 | 37 | New Delhi | F | 20 | 68 | Toronto † | C | 3 | 37 |
| Budapest | Sn | -1 | 30 | Johannesburg | F | 23 | 73 | New York † | R | 6 | 43 | Tunis | R | 14 | 57 |
| Cairo | S | 23 | 73 | Las Palmas | C | 20 | 68 | Nice | S | 12 | 54 | Valencia | F | 19 | 66 |
| Cape Town | F | 19 | 66 | Leeds | C | 6 | 43 | Nicosia | F | 19 | 66 | Venice | S | 3 | 37 |
| Cardiff | C | 1 | 34 | Lisbon | C | 15 | 59 | Oporto | S | 13 | 55 | Vienna | F | 1 | 34 |
| Chicago † | C | 5 | 41 | Locarno | S | 3 | 37 | Oslo | F | 2 | 36 | Warsaw | C | 1 | 34 |
| Cologne | Fg | 4 | 39 | London | C | 5 | 41 | Paris | S | 1 | 34 | Washington † | F | 7 | 45 |
| Copenhagen | S | 4 | 39 | Los Angeles † | F | 11 | 52 | Peking | S | 1 | 34 | Wellington | S | 17 | 63 |
| Corfu | C | 13 | 55 | Luxembourg | C | 0 | 32 | Perth | S | 24 | 75 | Zurich | C | -3 | 27 |

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain.
S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Continued from Page 1

# Britoil

surprise to the market, which had assumed that BP would not make a bid for a UK independent, *and that Britoil was safe* from predators because of the golden share.

Arco's move yesterday also came as a *surprise, although it* was known to have had a close association with Britoil and appears there had been talks of a general nature before the BP move.

Most of the speculation about an alternative bidder had centred on British Gas, which has *strong cash flow and is* extremely keen to recover its position in the oil exploration sector.

However, British Gas may have felt that its position as, in effect, the only major purchaser of North Sea gas would make such a bid politically difficult.

Continued from Page 1

# RPI error

Mr Norman Fowler, the Employment Secretary, to promise a full *review of the RPI by the head of* the government statistical service, arose from a simple computer programming slip. The programme, which calculates the *price rises for articles such as* clothing and footwear and household goods omitted to take into account decimal points.

Regular dividend payments on index-linked gilts and National Savings certificates would have *been depressed by the error.* Holders of indexed gilts due for redemption in March 1988 will also get less than they would *otherwise have done.* An adjustment in the index last month to compensate for the mistake will mean the value of other gilts is unaffected.

The Department announced that its (corrected) retail price index stood at 103.4 in November (January 1987=100), up 4.1 per cent from a year earlier. That was down from the uncorrected figure of 4.5 per cent issued for October.

***Peter Riddell writes:*** *Opposi*tion leaders yesterday sharply criticised Mr Fowler's announcement, demanding a full Commons statement by him on Monday to explain how the error had occurred and the full implica*tions for pensioners* and other recipients of benefits. Mr Roy Hattersley, Labour's deputy leader, described the admission as "*the latest piece of incompe*tence." Mrs Margaret Beckett, Labour's social services spokesman, in welcoming the payments to pensioners, said they highlighted how "measly" the Government had been to them.

Continued from Page 1

# Elf bid

vigorous defence from the company is expected.

Samuel Montagu, Elf's merchant banker, said the move had not been prompted by this week's activity in Britoil shares. By yesterday the shares of fellow independent oil companies *Enterprise and Lasmo had risen,* respectively, to 285p and 295p, increases of 40 per cent over the week.

Elf, which has invested more than £1bn in the North Sea since 1964, has long wanted to become *an oilfield operator.*

The company said the assets of the two groups provided a good fit, because many of its existing North Sea investments were in mature fields while Tricentrol had stakes in six fields which were due to be developped in the next few years.

Tricentrol owns 17.5 per cent of the big onshore Wytch Farm *field, Dorset, at which there was* a significant additional find recently.

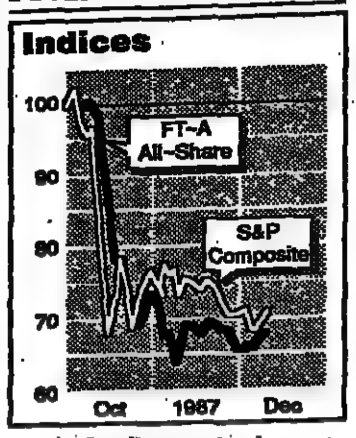
Elf said it had the substantial resources needed to develop the Tricentrol assets, at an expected cost of about £350m.

## THE LEX COLUMN

# Stalemate over Britoil

The equity market's mood of sea*sonal cheer* continues, with the corporate sector playing Santa Claus. All that cash which was milked from the institutions through rights issues and paper bids as the market rose is now being returned through cash bids on the way down. For fund managers, this presents something of a paradox; higher liquidity should be an incentive to buy, but the liquidity was only arrived at by selling equities in the first place. There is also the vexed question of whether year-end window dressing will be better served by holding cash or buying a market which may carry on rising. *Next week's spate of economic numbers, starting with the CBI survey, may provide an answer.*

**FT Index rose 25.7 to 1310.7**




### Britoil

Yesterday's surprising events in the oil sector illustrate a central aspect of this week's takeover activity: the way in which companies are now sizing each other up on the basis of assets rather than stock market values. In the case of Tricentrol, the poor management record and stretched balance sheet seem to make loss of independence a foregone conclusion, with only *the asset valuation to be haggled* over. Britoil's case is rather more complex.

Its hastily-assembled deal with Arco has an obvious motive – to lock out BP or any other predator. A 49.9 per cent stake reinforced by an asset swap would have this effect whether or not the golden share remained in place. What is not obvious is why on earth Britoil's long-suffering shareholders should assent to it. If Arco were allowed by the Takeover Panel to pick up a 29.9 per cent stake at 350p, the price would then presumably slump back to the 200p or so at which it languished before BP built up its stake. Nor, come to that, is it immediately clear what is in it for Arco, which is apparently prepared to hand over assets in exchange for Britoil paper which can then be expected to fall in value.

BP's response has been typically robust, not to say macho, but it is not without subtlety. The declared intention of buying up to 29.9 per cent at over 350p steers clear of any direct confrontation over the golden share, and also puts it in a position, if *successful*, wholly to block the second part of Britoil's plan. The reason lies in a point of law. If Arco did build up its 29.9 per cent stake in the market, the deal for the next 20 per cent would require the assent of shareholders. But Arco would *not be legally permitted* to vote its stake, so Britoil would require the approval of 50 per cent of shareholders in a vote only open *to 70 per cent. If BP held any*thing over 20 per cent, it would control the vote.

### Sears/Freemans

By Sears's historically mean standards, the offer for Free*mans is generous.* But Freemans did not find it so, and neither did the market. The mail order group's shares closed at 300p yes*terday, 5 per cent above the offer* price and more than 80 per cent up on the day.

At Sears yesterday, relief at having escaped the Holmes a Court menace was far the most palpable sentiment; the prospect of a bid battle had not yet got the adrenalin flowing. The sparring partners have, after all, been through this once before: Sears built up a 20 per cent stake in Freemans in the 1970s, only to retire defeated. This time round, though, the link-up makes a *good deal more sense – at least* for Sears.

The deal would represent no dilution of earnings, and with practically *nil gearing*, the company can afford to take on a bit of debt. The commercial logic, too, is compelling: Sears wants to exploit high profile brands like Miss Selfridge, Wallis, and Olympus, via the hideously-named "specialogues", or niche market catalogues. And Freemans is the best of the mail order retailers to be had off the peg.

*The picture for the Freemans* shareholder is less clear. The financial might of Sears could scarcely be unwelcome, given the cash hungry nature of mail order houses which rely heavily on credit sales. But there must be doubts over whether Sears has the pizazz to enliven mail order's dowdy image and pull in new customers.

Freemans knows its days of independence are numbered. But even if a rival bidder does not emerge – everybody from Otto Versand, the German mail order house, to Woolworth, Burton and *even* Marks and Spencer must be running a slide rule over Freemans's figures – Great Universal Stores will not rush to hand over *its 9.2 per cent stake* to a potential rival. Sears will now have to decide whether a figure closer to £500m is above its pain threshold.

### Wood Mackenzie

The illustrious, if tangled, history of Wood Mackenzie is, it seems, finally over. Its absorption into County NatWest is claimed to create a major new force in UK stockbroking: 1,000 *staff, a leading place in the* research rankings and double-figure shares of important slices of the London equity market.

*Few* of its rivals *see it* quite like that. While there seems to be a fit between WM's strength at home and County's overseas, there are also areas of shared weakness, market-making in particular. Broking mergers have *often proved tricky* in the past, and this one has the extra awkwardness that though County is putting up the cash, WM is providing *the top management.* Perhaps most important, there is the feeling that whereas County is still struggling for maturity, WM is past its prime.

WM's meteoric rise in the 1960s and 1970s offered the unique spectacle of a tiny provincial broker breaking into the big time. It was based on early expertise in the growing field of *investment* analysis, with a shrewd emphasis on those areas – oil, whisky, investment trusts, insurance – in which the City fund manager *could* persuade himself that a Scottish broker had something to say. Then came the pioneering and hugely successful move into pension fund performance measurement. But subsequent attempts to break into new areas – gilts, the US, corporate broking, market making – proved largely fruitless, and the failed marriage *with Hill Samuel left the firm* more vulnerable than any of its rivals could have predicted three or four years ago.

Just as Hill Samuel found a safe but dull haven with the TSB, so WM has now with NatWest. For County, WM's still formidable research department and institutional client list represent the best single purchase available on the market. *In the grip of* the bear market, though, the new firm will need luck to establish itself against the likes of Warburg and BZW.

WEEKEND FT

Saturday 12/Sunday 13 December 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

# Paying back a green debt

**Christian Tyler sees signs of a meeting of minds between conservationists and the World Bank as earth's resources shrink**

IMAGINE AN auditorium full of bearded men invited to take part in a televised debate. On the platform sits a panel of clean-shaven bureaucrats, blinking and perspiring under the hot lights. As the camera rolls, the men in beards jump to their feet one by one: they don't ask questions, they make passionate speeches of denunciation. The panellists assume an air of attentiveness. Their replies are conciliatory, vague and a bit patronising.

This scene, played out recently in a Birmingham studio, is typical of public debate about the natural environment, whether it concerns nuclear power stations or tropical rainforests. Nature is represented by angry men in beards, Development by cautious functionaries in dark suits.

The tenor of such debates suggests no reconciliation is possible. The environmentalists come across as self-righteous, noisy but ineffectual, while the targets of their attack look irked and unimpressed. It seems, in other words, that progress will continue to exact a heavy price in terms of forests destroyed, valleys inundated, air and water polluted, tribal people and landless peasants displaced.

Anyone who has watched the great pillars of smoke towering above the Amazon jungle or gone on hands and knees to count the number of wildlife species threatened by a dam is bound to be pessimistic. The raw statistics of man's devastation of nature are impressive. Some Indian village women are walking 1400 kms a year, the distance from Delhi to Calcutta, to forage for firewood. An area the size of Ireland becomes desert each year. Twice as much acreage of tropical forest is cut down annually. Twice as much again agricultural land is lost to soil erosion. About a fifth of the planet's plant and animal species could disappear in the next 20 years.

Yet there is evidence behind the scenes of a gradual meeting of minds between developers and conservationists. Nor is this reconciliation merely the temporary result of recent man-made disasters such as the recurring famine in Ethiopia, the Bhopal chemical leak in India, the Chernobyl reactor fire in Russia or the pollution of the Rhine in Europe, much as these have sharpened public concern for the environment.

For the quickest focus on this broadest of controversies one can do no better than look at the fierce campaign mounted by environmentalists against the World Bank.

The bank disburses about half of the $35bn of development aid channelled by multinational agencies to the Third World. It has become the environmentalists' punchbag not just because it controls so much money but because its decision to support a development project is almost universally regarded as a Good Housekeeping Seal of Approval. If the project proves an environmental disaster, the bank can be held to blame.

It is an attractive target for other reasons. A public demonstration on the lawn outside its Washington headquarters has more impact than any number of protests against a corrupt or ineffective Third World government. Moreover, the bank's loans have to be approved by the rich countries who wield the largest voting shares in it. In theory, therefore, the bank is susceptible to educated, western public opinion.

The "green" lobbyists have singled out three large bank-supported projects to make their case: the construction of a road through the wild north-west of Brazil, a huge hydroelectric scheme for the Narmada river in north-west India and a long-running scheme in Indonesia to move up to 3m people from overpopulated Java to Kalimantan, Sulawesi and Irian Jaya.

Each project, the critics claim, has had or will have environmental side-effects so disastrous as to call the viability of the entire project into question. Each one, they say, reveals a culpable deficiency in the way the bank goes about its business and encourages further depredation by the bank's other client countries.

The bank agreed to lend Brazil some $434m for a group of schemes to open up the country's north-west. The centrepiece of the Polonoroeste project was the paving of the dirt road from Cuiaba, capital of Mato Grosso state, to Porto Velho in Rondonia state. The government's idea was to settle the region with landless migrants from the south.

But according to the environmentalists, migration was far too rapid, large areas of jungle were cleared which then proved unable to sustain the immigrants, tribal Indians were pushed off their lands and local rubber-tappers lost their living.

So great was the protest, so vivid the televisiondocumentaries portraying the rape of Amazonia, that the bank for a time witheld the $250m loan for the road. Officially - and this gives a clue to the bank's dilemma in such cases - suspension was at the Brazilian Government's request.

Similar complaints surround bank support for the Indonesian transmigration programme. Loans totalling nearly $600m were approved for five phases of the scheme, a tenth of the total cost. The scheme has been controversial from the start: one respected economist formerly with the bank recounted how he was was sent out to appraise the project in its early days, reported adversely and was told to re-write his report. He resigned instead. Since then, say the protesters, huge areas of hill forest unsuitable for agriculture have been hacked down, leaving many settlers and indigenous people virtually destitute.

One result was that the Land Resources Development Centre, a scientific arm of Britain's Overseas Development Administration, was awarded a contract to map the territory by means of air and satellite photography so that a better choice of resettlement sites can be made. Meanwhile the Indonesian Government has pruned the programme right back. Pleading budgetary difficulties, it will spend on transmigration this financial year only a fifth of the sum allocated in 1985-6.

In India, the bank has only just begun disbursing some of the $300m of loans and credits for the first phase of the huge Narmada river project, a seriesof dams, irrigation channels and power stations in three states which will take half a century to complete. Environmentalists are worried about the effect on traditional agriculture, forestry and fisheries and the rights of the 100,000 people who will have to be moved. They point to India's poor record in managing previous hydro-power and irrigation schemes.

The bank, too, is worried. A senior official admitted that the Indian Government is being asked for a clear commitment on the rehabilitation of the people affected. Without that, payment could be suspended. The bank has refused so far to support the second phase.

A detailed dossier on these three projects was put together by that veteran campaigner Mr Graham Searle, founder of Friends of the Earth and now an "environmental management consultant" to private industry.

The World Bank trusted Mr Searle sufficiently to pay for and co-operate with his research. The dossier, probably one of the most objective critiques of development projects produced, was prepared for a conference at which the bank was to face its critics in open forum for the first time.

The conference never took place. There was a lack of co-ordination between the bank's US and European offices and squabbling among environmental groups that persuaded senior bank officers that the conference host, the International Institute for Environment and Development, could not manage the event properly. When one of the governments refused to send a representative, the bank had the excuse it needed and the IIED was forced to pull out.

Relations were mended sufficiently, however, to allow a more modest version of the encounter to take place in Windsor Great Park this autumn. A bank team headed by Mr David Hopper, senior vice-president for policy, planning and research, came over from Washington for three days of rather general discussion. Even so, the press was admitted only for the final half day.

Why is the World Bank so sensitive? There are three reasons. The first is public relations: spokesmen say the bank's contribution to a tiny minority of (admittedly large) projects has been unfairly and erroneously represented in the press and television. They accuse the media of joining a crusade alongside the most vocal and persuasive of the bank's critics ranging from American Congressmen to stars like Bob Geldof, the scourge of the aid establishment.

The second is the nature of the criticism itself. According to the environment lobbies, the bank has been failing at every stage of its procedure. They say the ecological side effects of large projects are considered too late and too cursorily. They accuse the bank of ignoring contrary technical advice in its anxiety to lend money to favoured clients. For example, it has been alleged that loans to Brazil were made to reinforce the authority of the new civilian government, loans to Indonesia to fortify an anti-Communist bastion in South-East Asia.

Once loans are pledged, the bank does not have enough people on the ground to make sure the terms of the loan are met. And when the mistakes become apparent, it is too reluctant to apply the ultimate sanction of suspending payment. Above all, claim the critics, it refuses to divulge - whether to pressure groups or local inhabitants - enough information about planned projects or its own decision-making process.

The bank is sensitive for a third reason: the confidential relationship it has with client governments. Here the real point of difference emerges. By its nature, the bank can only deal with governments, who are jealous of their sovereignty and dismissive of the protest groups, whom they see as interfering western idealists. Ministries may satisfy the bank's examiners and talk loudly about conservation, but the damage is done at local level and out of their control.

It is never easy for a western aid worker to tell people what to do. In parts of Africa, a man's status is measured by the number of cattle he owns - try telling him not to overgraze the land. Or there is the sad case of the two bank officers who were speared for telling the Masai to plant wheat.

In many countries, the government, if not itself corrupt, is saddled with a corrupt, ignorant or inefficient bureaucracy. On top of that, the country is probably burdened with an exploding population, a large foreign debt, low world prices for agricultural exports and a mountain of misdirected domestic subsidies. Its political leaders are forced to embark on dramatic projects for quick solutions, ignoring the more distant problems those solutions will bring.

To the economists in Washington this is all too clear. But for many years their reply has been - and often still is - that it is better to support a project and have some say in its management than to stand back and watch it go ahead anyway.

Yet the bank is having a change of heart. Mr Barber Conable, its new president, announced earlier this year the addition of another 70 staff to the environmental department and 30 others to the various divisions. He is said to be personally interested in human and environmental questions - in particular raising the status of women, who do most of the fieldwork in poor countries. Mr Conable may side with those in the bank who would like to pull out of projects more readily, to teach arrogant governments a lesson and to give persistent conservationists their due reward.

The bank has already shown itself more accesible, however nervously, to its critics, while still denying that it is unduly secretive. One official said this week: "There is an increasing awareness of the environmental issue that had not been so articulated before. The question of resettlement of displaced people is seen as the most serious facing the bank at the moment.

"The lobbies have had a very significant effect. We are listening much more carefully, even though some of them are very strident single-issue groups."

Mr Hopper, the vice-president responsible for the environment, admitted at Windsor that some ecological problems had "not been accurately predicted by members of staff," and said campaigners who had warned the bank about what was happening in Brazil "did us and the people down there a real service." In future the bank would work with governments to recast projects "to remove the degradation," and could refuse loans if agreement was not forthcoming.

While the bank and its critics struggle to overcome their distaste for each other (one Oxfam official has gone so far as to say the adversarial relationship must end), a conceptual basis for settlement of the controversy is getting worldwide circulation.

It is elaborated in a report by the United Nations' World Commission on Environment and Development published earlier this year under the chairmanship of Mrs Gro Harlem Brundtland, prime minister of Norway.

The concept, in simple jargon, is "sustainable development." Although already something of a parrot-phrase, it contains the useful idea that economic yardsticks can and should be applied to all facets of development. In other words, the conflict between progress and nature can be eliminated. It is only a matter of using the right kind of accountancy to balance the gains from short-term depletion of natural assets against the long-term costs.

The bank has published its own analysis of how"sustainable development" might be translated into project management. Meanwhile the UN Commission has explained its conclusions at meetings in Delhi, Beijing, Cairo and Budapest.

According to Mr Jim MacNeill, secretary-general of the Commission, the message has been well received everywhere. "We are now dealing with technologies that bring the ecological chickens home to roost in a very short period of time," he said. "The idea that the environment is something to be dealt with in the long term - that future generations will find the wherewithal - is changing. We are talking about a new concept of economic growth."

It may be significant, or it may not: but these days the bearded Graham Searle also wears a dark suit.

## The Long View

# Take cover when the bears growl

**Fund managers took a caning in October but the equity market has become so thin that a major selling exercise by a big fund would seriously threaten performance, writes Barry Riley**

IT SEEMS that the merchant bankers' parlours were empty for only a few weeks after October's crash. Hardly had one group of corporate finance clients, the ones with fancy paper, departed licking their wounds than another lot had arrived, this time loaded with real money. This week BP declared its intention to spend £450m in cash on a 30 per cent stake in Britoil and from the US there has been a cash offer of £400m by The St Paul Companies for Minet.

October was a critical turning point. Until then institutional investors were as a group (although with individual exceptions) desperate to raise their exposure to the booming equity market. By the beginning of October the average pension fund had 77 per cent of its assets in UK and overseas equities.

In the process of reaching this position the institutions were gluttons for new issues and were outbidding the corporate sector for stock. Cash-rich companies keen to make acquisitions found they had become priced out of the market.

Since October the balance has fundamentally changed. Fund managers overweight in equities have become highly nervous. They have already taken a caning in one market crash and are fearful that there might be another one. Yet the equity market has become so thin that any major selling exercise by a big fund would threaten to turn its relative performance from bad to disastrous.

To the hard-pressed fund manager just ahead of the year-end balance sheet reckoning, there is nothing quite like cash. We can see this from the sudden reappearance of "dawn raids," which in fact at this solsticial time of winter can sometimes live up to their names.

While the market was booming market raids dropped right out of fashion. Fund managers were anxious to get more cash into a rising market, not take it out. Moreover, with prices rising all the time, there was always an argument for holding on. Once a company was "in play" you could stay in the game for a number of rounds in the safe expectation that eventually somebody with fancily-priced paper would make a full take-over bid and allow everybody to get out at a handsome profit.

But in a bear market the rules are very different. For a start, there are forced sellers around. Overstretched punters like Robert Holmes a Court are more or less at the mercy of their bankers. It is a toss-up whether the speculative stakes built up by such operators will be dumped on the market or, if the percentages involved are big enough, could be the basis of bids by another contender.

Secondly, the bidders at fancy prices have retired from the scene. Probably they have plenty to keep them busy in sorting out their hastily-acquired empires. But their share prices are in ruins: WPP is 67 per cent down from its high, Blue Arrow down 62 per cent, FKI Babcock has halved.

Thirdly, nobody is assuming any more that the market will go up and up. It just might go down again. If somebody is offering a healthy premium over the going market price why not take it? Nobody is going to blame a fund manager for building up his liquidity in present conditions.

So much for the investors. What about the companies? They complained after the crash that the market had gone crazy in slashing prices in the face of healthy industrial prospects. But in their behaviour in previous months they had recognised that prices had gone too high: new equity issues by the corporate sector soared to £3.7bn in the first half of the year, for instance (twice as much as in the same period of 1986).

Bids, meanwhile, have been increasingly financed by paper. As recently as 1984 cash was comfortably predominant as a takeover currency. Yet in the first nine months of this year equity outweighed cash by nearly four to one in financing acquisitions. Now we can expect the pendulum to swing back again.

Putting it another way, companies are now outbidding investors once again in the market. This does not promise well for new issues in the coming months, but companies have both confidence and cash. They might be well advised to consider that the longer they wait, and the dimmer grow investors' memories of the high prices of last summer, the easier it will be to secure agreement at relatively low prices. But executives like to execute, and a good many of them are disposed to get on an exploit takeover opportunities which until the past couple of months have been priced out of their reach.

The other side of this coin is that companies can reason that if other shares have become cheap then so have their own. The current mini-wave of British public companies announcing programmes for buying in their shares is tiny by comparison to what has been going on in the US for several years now, but it is neverthelesss a notable phenomenon by British standards. For the first time we are confronted with examples of companies like Mountleigh, which having issued new equity aggressively during the bull market has now announced plans to buy some of it back after its share price has halved – just as Citicorp in the US issued 20m new shares at the equivalent of $29¾ last September and then spent $250m on a repurchase programme after the October crash (the price is now under $20).

This raises questions about the wisdom of companies making profits at, it might be argued, the expense of shareholders. But the more pressing issue is, who is right about the valuation of the market? Are investors right to be selling? Do they know something that company executives don't?

If all that has happened is that investors have suffered indigestion – magnified almost out of recognition by its global scale, but still fundamentally only a matter of appetite running ahead of what can be sustained by the financial juices– then the corporate chiefs may have got it right.

On the other hand, there is plenty of past evidence that markets react first to forces which are only dimly understood, but eventually drag down economic activity too. All right, we know that Wall Street has predicted five of the last three USrecessions, but you cannot imagine a more dramatic warning than Black Monday. In these matters I am inclined to place more credence on the stock market than on the views of the industrialist with the strong, but volatile, order book for widgets.

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# BP leads charge of the predators

CORPORATE predators are back with a vengeance. The London market has been dominated this week by the most sustained burst of takeover bids and aggressive stake building seen since the mid-October crash.

The most dramatic is the fight over Britoil, the largest UK independent oil company. BP set it off with a market raid which netted it nearly 15 per cent of Britoil's shares, and coupled this with a 300p a share tender offer aimed at taking its stake to 29.9 per cent.

But by yesterday that stood no chance of success as Atlantic Richfield, the US oil company, entered the fray. It snapped up 7.7 per cent of Britoil at 350p a share, said it intended to buy up to 29.9 per cent and unveiled an outline agreement under which its non-North American assets would be injected into Britoil in return for shares, which could take its stake up to 49.9 per cent.

The deal has to be approved by Britoil shareholders, and in the interim BP could come back with a higher offer. But it would still face a major uncertainty in that Britoil is protected by a Government "golden share," which can be used to veto any takeover. Whatever BP's response, the clash could represent the start of a round of rationalisation in the independent oil sector. It was followed yesterday by a full cash bid worth £135m for Tricentrol from Elf Aquitaine, the large French group.

The week's other bids included a £430m cash offer by Sears, the large high street retailer, for Freemans, the mail order group; a hostile £217m offer by Blue Circle, the cement manufacturer, for Birmid Qualcast, the lawnmowers and boilers company; an agreed £400m bid by St Paul Companies, the US property and casualty insurer, for Minet Holdings, the insurance broker; and a £255m counter-bid by Legrand of France for MK Electric, already

## London

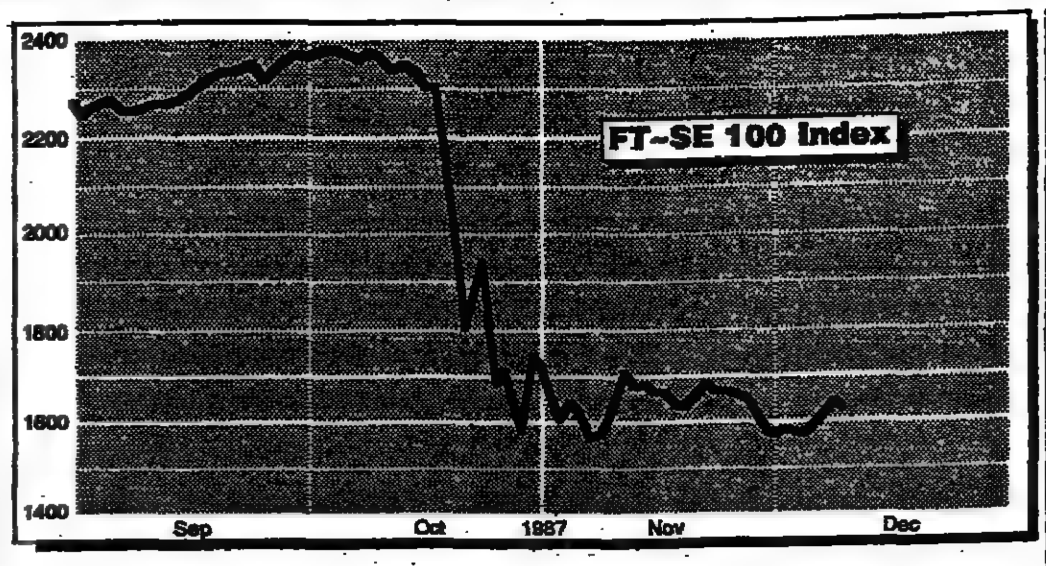
subject to a hostile £206m bid from RTZ. And that list excludes the dogged battle between British Airways and Scandanavian Airline System for unquoted British Caledonian.

The splurge of activity gave a fillip to an otherwise dull and nervous market. If all the week's offers for quoted companies are consummated, it would mean an injection of cash into investors' pockets of approaching £2bn – no mean sum in these illiquid, post-crash days. The fact that companies are prepared to launch bids, predominantly in cash, with the market at its current level, should give strong additional underpinning to share prices.

A further sign of returning stability was provided this week by Williams Holdings when it announced the £133m purchase of paint company Berger, Jenson and Nicholson from Hoechst, the West German group. Williams is one of a group of acquisition-hungry "mini-conglomerates" which enjoyed great market popularity before October's crash, but which might be expected to find less favour in a bear phase. However, Williams was able to fund its purchase with equity, through the first big "vendor placing" of shares with institutions seen in London since Black Monday.

The FT-SE 100 index has now settled down in a trading range between about 1730 and 1500. But trading volume has remained thin and very much concentrated in large Alpha stocks. For example, on the day of BP's raid, trading in Britoil shares represented more than 27 per cent of the equity market's total. The upshot is that fairly small trading volumes can have a remarkably large impact in the gyrations of the indices.

So too can baleful news from across the Atlantic. For the first half of this week the predominant news was political and good, with all eyes on the Reagan-Gorbachev summit. But Thursday brought word of a record US trade deficit and a further plunge in the dollar. The FT-SE index dropped more than 50 points before recovering some of its nerve. And with summitry over, the tussle over the US budget deficit will now come back into the picture, giving plenty of scope for further market upsets in the run-up to Christmas.




BP's raid on Britoil was deliciously ironic, given that for the past few weeks the Government, through the ill-timed sale of its remaining stake in BP, has placed Britain's biggest company in a thoroughly embarrassing position. The flop has overhung the company's share price and enabled the Kuwait Investment Office to amass a stake of more than 11 per cent.

The Britoil raid may not have been deliberate revenge but, temporarily at least, it put the boot neatly on the other foot. For a full bid would test the Government's attitude to the "golden share" and to the independent oil sector in general.

Both Labour and Tory administrations nurtured the indepedents during the North Sea oil boom years of the late 1970s and early 1980s as a counter-weight to the large, integrated groups like BP.

The Tories, as part of their privatisation programme, did spin Britoil out of the state-owned British National Oil Corporation and Enterprise Oil out of British Gas, but protected the former with a timeless golden share and the latter with one which expires at the end of next year. However, that protection seemed to breed a degree of complacency at Britoil, which pursued an unadventurous policy of expansion by exploration, rather than acquisition, yet has few notable discoveries to its credit.

For BP, a takeover would make sense. The combination of Britoil's acreage with its own would make it the largest North Sea operator and greatly strengthen its position in relation to British Gas, which has a virtual monopoly over the purchase of Britain's offshore gas. But will it have the heart for a fight following Arco's surprise initiative?

Meanwhile, a final touch of black humour was given to the proceedings when the Government announced that it is not extending beyond January 6 the safety net placed under the BP issue flop. The net involves the Bank of England being prepared to buy back the new, partly paid shares at 70p. Unless there is a rise in the BP price over the next four weeks the Government could end up repurchasing the majority of the issue 50p a share more cheaply than the selling price. All highly embarrassing.

**Martin Dickson**

## LAST WEEK'S CHANGES

The following table shows the change in the FT 30-share index and its constituents over the past week. The FT-SE index is also shown.

| | Price yesterday | change since 4.12 | 1987 High | 1987 Low |
|---|---|---|---|---|
| FT Ord Ind | 1310.7 | +48 | 1926.2 | 1232.0 |
| ASDA-MFI | 160 | +4 | 226½ | 141¼ |
| Allied-Lyons | 329 | -4 | 471 | 298 |
| BICC | 317 | -4 | 436 | 269 |
| BOC | 366 | +3 | 589 | 300 |
| BTR | 271 | +13 | 374 | 228 |
| Beecham | 446 | +20 | 589 | 268 |
| Blue Circle Inds | 388 | +13 | 579 | 289 |
| Boots | 225 | +18 | 329½ | 205 |
| British Gas | 126 | +4 | 200 | 106 |
| BP | 248 | +6 | 416 | 234 |
| British Telecom | 289 | +2 | 337 | 261 |
| Cad Schweppes | 250 | +25 | 291 | 119 |
| Courtaulds | 332 | +14 | 535 | 302 |
| GEC | 155½ | +½ | 251 | 148½ |
| Glaxo | £10¾ | +¼ | £18½ | 970 |
| Grand Met | 404 | +23 | 695 | 348 |
| GKN | 267 | +14 | 434 | 235 |
| Guinness | 284 | +22 | 389 | 227 |
| Hanson Trust | 122 | n/c | 195½ | 116 |
| Hawker Sidd | 418 | +20 | 630 | 377 |
| ICI | £10¾ | +½ | £16⅛ | 937 |
| Lucas Ind | 491 | +22 | 795 | 465 |
| Marks & S | 182 | +16 | 280½ | 160 |
| NatWest Bank | 539 | +24 | 794 | 498 |
| P & O | 483 | +3 | 776 | 425 |
| Plessey | 144 | +3 | 258 | 127 |
| Royal Insce | 377 | +4 | 595 | 345 |
| Tate & Lyle | 680 | +32 | 944 | 560 |
| Thorn EMI | 517 | -10 | 830 | 436 |
| Trusthouse | 208 | +22 | 286 | 171 |
| FT-SE 100 | 1651.6 | +48.8 | 2443.4 | 1565.2 |

# Looking back to happier days at TV-AM

"RIDDLE ME this. Which USM company is currently enjoying Happy Days?" taunted the costumed villain, as the forces of good advanced. "A typically sneaky paradox, Riddler," replied the Caped Crusader. "I sentence you to a lifetime of repeats."

The well-publicised re-appearance of millionaire socialite Bruce Wayne's alter ego Batman with the help, not only of Robin, but the 1950s-based comedy show Happy Days, seems not to have dented the viewing figures of strike-hit TV-AM.

However, many people at the breakfast television station are far from happy, as the managers operate a skeleton service whilst pickets stand outside.

The dispute arose over manning levels for the station's Caring Christmas campaign. The technicians union, ACTT, staged a 24-hour strike; its 229 members were then locked out by the management until they agreed not to take any further industrial action.

However, in a twist which would have delighted Batman's arch-enemy, the Joker, TV-AM may actually benefit from the strike.

Disappointing pre-Christmas sales have depressed advertising revenues across the IBA network, but TV-AM looks relatively immune.

"Much of the station's airtime is sold a long way forward," explains Brian Bade, an analyst at CIBC Securities, "and so there is relatively little scope for softness in demand on a month-to-month basis."

In addition, although some pensioners have apparently complained at the change in scheduling, they are not important viewers, from the advertising standpoint at least.

"The audience that TV-AM has targeted effectively young people have been quite happy to switch their allegiance to the new programmes," says Bade.

A further benefit is that the costs of running a skeleton television service are much reduced. So TV-AM may yet show an improvement, at the full year stage, on the 20 per cent increase in interim pre-tax profits it announced in September.

Long term, the picture may be more complex. The IBA keeps a

## Junior Markets

close watch on the quality of TV programming. Although presenter Anne Diamond is now presenting a half-hour version of the programme's usual format, the authority is unlikely to be satisfied if the current situation continues for long.

However edifying Batman's homilies on the theme of "Crime doesn't pay," they still seem a long way from the station's original "mission to explain."

Happy Days are also recalled in Hoare Govett's annual Unlisted Securities Market directory, which covers the twelve months up to September 30, before Black Monday and the stock market crash.

During the period, the average rise of the top fifty USM performers was 518 per cent. Even more remarkably the fifty poorest performers averaged a share price gain of 7 per cent.

In other words, even if an investor had, by some mischance, picked a portfolio of the worst performing USM companies, he or she would have equalled the return on a building society account.

Individual share price performances were even more mouth-watering. The top performing share, the previously moribund Acsis Jewellery, rose by 2,917 per cent. Glentree (up 2,305 per cent) and American Business Systems (1,569 per cent) were not far behind.

In all, the USM ended the period with a market capitalisation of £9.05bn, compared with £4.22bn on September 30 1986, despite the fact that the number of companies quoted on the market fell slightly from 359 to 357. The Datastream USM Leaders Index rose 81 per cent, compared with a 54 per cent rise in the FT All-Share over the same period.

Of course, the Hoare Govett team is only too aware of how the crash has turned many of the gains to ashes. Geoffrey Douglas had already been pointing out before Black Monday that a distinctly "frothy" element had started to appear in some price movements.

He now predicts that, as a consequence of the crash, the next twelve months are likely to witness a return to a strong emphasis on perceived quality.

One vital statistic that has not yet appeared is the average USM daily turnover for the fourth quarter of 1987. Anecdotal evidence seems to indicate that, in a vast number of stocks, liquidity has dried up completely.

It had been feared that Big Bang would have a similar effect as market makers concentrated on the big stocks - but the directory is reassuring on that point.

In the third quarter of 1986, before Big Bang, the average number of bargains conducted each day was 1,384.

Rather than falling, that figure has climbed in each successive quarter and in the third period of 1987, turnover reached 5,121 bargains per day, almost four times the year-earlier level.

**Philip Coggan**

# Calling time on GrandMet

GRAND METROPOLITAN, the drinks, hotels and food group, is expected to report pre-tax profits of about £450m when it announces results for the year to end-September. That would compare with a restated £367.7m the previous year.

GrandMet's shares have suffered more than most since the market crash because of the company's exposure to the dollar and the US economy. Mr Allen Shepherd, presenting his first full-year figures as chairman, will probably use the occasion to stress how well the company is hedged. Mr Shepherd will be able to point to strong growth from the drinks division. In the US, innovative marketing has helped push liqueur sales, while in Britain, Watneys has benefited from the strengths of its Ruddles brand. Food will also come through well, in spite of problems with milk sales.

## Results Due

Next week is a busy one for the brewing sector. Tuesday sees interims from SCOTTISH & NEWCASTLE, expected to show pre-tax profits of about £59m. During the first half last year, Chernobyl and Libya were blamed for deterring American travellers using S & N's Thistle hotels. This time, the falling dollar may achieve the same effect. On the brewing side, these figures will include a contribution from Home Brewery, which was only included for a month in last years' interims of £44.8m. Poor summer weather is likely to have depressed trade - although S & N will not be the only brewer to say this.

VAUX, S & N's north-east England neighbour, is also reporting on Tuesday. Swallow Hotels' contribution should be about 25 per cent higher from its chain, based outside London. Brewing profits should be up by 10 to 15 per cent. After a reduction in the interest charge following the rights issue, year-end profits should reach £21.5m (£17.5m). J A DEVENISH should announce year-end profits of £8m on Tuesday, while interim figures at GREENE KING, due on Friday, are expected to be about £5.6m.

ENGLISH CHINA CLAYS, the Cornish-based clays, construction and quarrying company which last month moved into the US with the acquisition of J L Shiely for $73m, is announcing its full year figures on Wednesday.

Although ECC's drilling mud subsidiary is likely to little more than break even, other businesses have been thriving. Clay has been in great demand, primarily from the newspaper industry, and the housing boom will have helped the construction subsidiary. Margins from the quarries should also improve. To this can be added the benefits of across the board cost-cutting, and equity accounted profits from ECC's 29.9 per cent stake in housebuilder Bryant Holdings. Analysts expect pre-tax profits of around £110m, up from £90.4m in 1985-86.

NORTON OPAX, the specialist printing and publishing group, is expected to report pre-tax profits of between £20m to £22m when it announces its preliminary figures on Monday for the 18 months from March 1986 to September 1987. These are the first results since the company moved the end of its financial year from March 31 to September 30, to coincide with the year end of McCorquodale, which it took over in November last year after a bitter battle.

Monday's figures will include a ten-month contribution from McCorquodale and will be helped by disposals earlier this year to Robert Maxwell of the publishing and legal stationary companies for £11m, and the contract worth £500,000 to print cheques for Lloyds and TSB. In addition, about £3.5m has been taken out of McCorquodale's operating overheads. The pre-tax figure when Norton announced its second set of interims for the 12 months to March 1987 was £10.36m. This included just four months of McCorquodale.

BRITISH LAND has been through a dramatic rationalisation over the last few years, and interim results for the period to September, due on Tuesday, should provide further evidence that the strategy is bearing fruit.

Analysts are expecting a strong advance from last year's £11.7m, with acquisitions accounting for much of the increase – notably the purchase of P&O's 50 per cent share in the Euston Centre at the end of last year. The acquisitions soaked up most of the £95m raised in last December's share placing, but other disposals during the period should help keep the interest charge down.

YORKSHIRE TELEVISION is expected to improve pre-tax profits from £8.9m to about £12m for the year to September 30, when it announces its preliminary results on Monday. Its market share of TV advertising revenue has held up well at 9.1 per cent, and it has benefited from a big advertising spend by financial services companies.

## INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

| | Quoted rate % | Compounded return for taxpayers at 27% | 45% | 60% | Frequency of payment | Tax (see notes) | Amount invested £ | Withdrawals (days) |
|---|---|---|---|---|---|---|---|---|
| **CLEARING BANK*** | | | | | | | | |
| Deposit account | 2.50 | 2.52 | 1.88 | 1.37 | monthly | 1 | - | 0-7 |
| High interest cheque | 4.80 | 4.91 | 3.62 | 2.63 | monthly | 1 | 1,000-4,999 | 0 |
| High interest cheque | 5.20 | 5.33 | 3.92 | 2.85 | monthly | 1 | 5,000-9,999 | 0 |
| High interest cheque | 5.50 | 5.64 | 4.14 | 3.01 | monthly | 1 | 10,000-49,999 | 0 |
| High interest cheque | 6.00 | 6.17 | 4.52 | 3.29 | monthly | 1 | 50,000 minimum | 0 |
| **BUILDING SOCIETY†** | | | | | | | | |
| Ordinary share | 4.00 | 4.04 | 3.04 | 2.21 | half-yearly | 1 | 1-250,000 | 0 |
| High interest access | 5.75 | 5.75 | 4.33 | 3.15 | yearly | 1 | 500 minimum | 0 |
| High interest access | 6.00 | 6.00 | 4.52 | 3.29 | yearly | 1 | 2,000 minimum | 0 |
| High interest access | 6.50 | 6.50 | 4.90 | 3.56 | yearly | 1 | 5,000 minimum | 0 |
| High interest access | 6.75 | 6.75 | 5.09 | 3.70 | yearly | 1 | 10,000 minimum | 0 |
| 90-day | 6.75 | 6.86 | 5.17 | 3.76 | half yearly | 1 | 500-9,999 | 90 |
| 90-day | 7.00 | 7.12 | 5.36 | 3.90 | half yearly | 1 | 10,000-24,999 | 90 |
| 90-day | 7.25 | 7.38 | 5.56 | 4.04 | half yearly | 1 | 25,000 minimum | 90 |
| **NATIONAL SAVINGS** | | | | | | | | |
| Investment account | 10.00 | 7.30 | 5.50 | 4.00 | yearly | 2 | 5-100,000 | 30 |
| Income bonds | 10.50 | 8.04 | 6.06 | 4.41 | monthly | 2 | 2,000-100,000 | 90 |
| Deposit bond | 10.50 | 7.67 | 5.78 | 4.20 | yearly | 2 | 100-100,000 | 90 |
| 33rd issueΦ | 7.00 | 7.00 | 7.00 | 7.00 | not applica | 3 | 25-1,000 | 8 |
| Yearly plan | 7.00 | 7.00 | 7.00 | 7.00 | not applica | 3 | 20-200/month | 14 |
| General extension | 6.51 | 6.51 | 6.51 | 6.51 | not applic. | 3 | - | 8 |
| **MONEY MARKET ACCOUNTS** | | | | | | | | |
| Schroder Wagg | 5.27 | 5.40 | 4.07 | 2.96 | monthly | 1 | 2,500 minimum | 0 |
| Provincial Trust | 6.77 | 6.98 | 5.26 | 3.83 | monthly | 1 | 1,000 minimum | 0 |
| **BRITISH GOVERNMENT STOCK§** | | | | | | | | |
| 5pc Treasury 1986-89 | 7.66 | 6.27 | 5.34 | 4.57 | half yearly | 4 | - | 0 |
| 8pc Treasury 1992 | 9.05 | 6.84 | 5.37 | 4.14 | half yearly | 4 | - | 0 |
| 10.25pc Exchequer 1995 | 9.65 | 6.94 | 5.13 | 3.62 | half yearly | 4 | - | 0 |
| 3pc Treasury 1990 | 6.96 | 6.10 | 5.53 | 5.06 | half yearly | 4 | - | 0 |
| 3pc Treasury 1992 | 7.05 | 6.16 | 5.56 | 5.06 | half yearly | 4 | - | 0 |
| Index-linked 2pc¶ | 6.84 | 6.35 | 5.99 | 5.69 | half yearly | 2/4 | | 0 |

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.Φ Special facility for extra £5,000 §Source:Phillips and Drew. ¶Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

## RESULTS DUE

| Company | Announcement due | Dividend (p)* Last year Int. | Final | This year Int. |
|---|---|---|---|---|
| **FINAL DIVIDENDS** | | | | |
| Acatos & Hutcheson | Wednesday | 2.0 | 3.7 | 3.0 |
| Amber Day Hldgs | Tuesday | - | - | - |
| Bankers Invest Tst | Thursday | - | - | 0.4 |
| Bett Brothers | Tuesday | 1.2 | 2.8 | 1.3 |
| Borthwicks | Wednesday | 0.5 | 0.7 | 0.5 |
| Cardiff Property | Friday | 0.6 | 1.2 | 0.6 |
| Channing Group | Wednesday | - | 16.5 | - |
| Citer | Thursday | - | - | - |
| Control Techniques | Monday | 1.0 | 2.0 | 1.2 |
| Devenish J.A. | Tuesday | 2.7 | 2.1 | 0.7 |
| Electronic Data Pro | Tuesday | 0.5 | 1.1 | 0.5 |
| English China Clays | Wednesday | 4.2 | 8.2 | 5.0 |
| Grand Metropolitan | Thursday | 4.0 | 8.2 | 4.5 |
| Guinness Peat | Tuesday | 0.9 | 1.5 | 1.1 |
| Hewitt | Thursday | - | 0.4 | - |
| Johnson & Firth Brown | Wednesday | - | 0.2 | 0.5 |
| Lee Arthur & Sons | Monday | 0.5 | 1.5 | 1.0 |
| Midsummer Leisure | Wednesday | - | - | 1.5 |
| Norton Opax | Monday | 1.0 | 2.5 | 1.0 |
| Perkins John Meats | Monday | 0.6 | 0.6 | 1.2 |
| Plaxtons GB | Tuesday | 1.5 | 3.0 | 1.5 |
| Richards | Tuesday | 0.6 | 1.3 | 0.7 |
| Strata Invest | Friday | - | 1.6 | - |
| Thornton G.W. | Tuesday | - | - | 1.5 |
| Vaux Group | Tuesday | 4.2 | 8.3 | 4.7 |
| Viking Packaging | Tuesday | - | - | 1.2 |
| Yorkshire TV | Monday | - | 4.0 | - |
| **INTERIM DIVIDENDS** | | | | |
| Aim Group | Thursday | 1.8 | 4.1 | - |
| Archimedes Invest Tst | Tuesday | 4.6 | - | - |
| BBB Design | Tuesday | - | 1.5 | - |
| Bothaven | Wednesday | 0.4 | 0.5 | - |
| Brammer | Monday | 0.2 | 0.4 | - |
| British Land | Tuesday | 1.2 | 2.2 | - |
| Brookmount | Tuesday | 1.3 | 2.7 | - |
| Brown & Tawse | Monday | 2.2 | 5.0 | - |
| BSS Group | Tuesday | 2.2 | 6.0 | - |
| Caffyns | Wednesday | 3.2 | 4.3 | |
| Celestion Ind | Thursday | - | 1.0 | |
| CH Industrials | Friday | 0.8 | 2.2 | |
| Danae Invest Tst | Wednesday | 3.0 | - | |
| Electric & General Invest | Friday | 2.1 | 3.1 | - |
| E.R.F. | Wednesday | - | - | - |
| Eva Construction | Wednesday | 1.5 | 3.5 | - |
| F&C Alliance Invest | Monday | 0.3 | 0.7 | - |
| Firth G.M. | Thursday | 0.4 | 0.5 | - |
| Forminster | Friday | 2.2 | 4.9 | - |
| Gibbs Mew | Wednesday | 1.5 | 2.5 | - |
| Greene King | Monday | 1.9 | 4.5 | - |
| Haims | Thursday | 0.5 | 0.8 | - |
| Israel Jack L | Tuesday | - | 0.5 | - |
| Kelsey Industries | Friday | - | 8.7 | - |
| Kleen E Ze | Monday | - | 8.0 | - |
| London Merchant Sec | Thursday | 0.8 | 2.0 | - |
| Lovell G.F. | Friday | - | 3.5 | - |
| Marina Development | Monday | - | - | - |
| Moorgate Invest Tst | Wednesday | 1.6 | 3.8 | - |
| MS International | Thursday | 0.5 | 1.5 | - |
| North of Scotland Invest | Friday | - | 0.2 | - |
| Northamber | Wednesday | - | 1.3 | - |
| Palmerston Invest Tst | Monday | 0.2 | 0.8 | - |
| Plysu | Tuesday | 0.5 | 1.3 | - |
| Porter Chadburn | Tuesday | 1.0 | 1.0 | - |
| Scottish & Newcastle | Wednesday | 2.4 | 5.5 | - |
| Tops Estates | Wednesday | - | 0.5 | - |
| Trimoco | Wednesday | - | 0.8 | - |
| Vinten Group | Monday | 1.0 | 2.2 | - |
| Whitecroft | Monday | 3.0 | 7.0 | - |

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

## COMPANY NEWS SUMMARY

### TAKE-OVER BIDS AND MERGERS

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £m** | Bidder |
|---|---|---|---|---|---|
| | Prices in pence unless otherwise indicated | | | | |
| Abaco Invs. | 69 | 67 | 54 | 181.22 | Brit & Comm. |
| Allebone & Son | 120* | 115 | 97 | 34.88 | Charterhall |
| Anchor Chems. | 638* | 638 | 615 | 25.83 | Air Prod & Chem |
| Birmid Qualcast | 300* | 308 | 313 | 216.82 | Blue Circle |
| Bramall (C.D.)‡ | 646.66† | 405 | 548 | 87.09 | Avis Europe |
| Brit. Caledonian | 972 | - | - | 200.00 | Brit. Airways |
| Brown (M.)‡ | 618§ | 618 | 715 | 152.92 | Scot & Newcastle |
| Elect. Rentals | 85 | 70 | 55 | 246.78 | Granada |
| Equity & Law† | 455.6 | 445 | 350 | 457.42 | C'pagnie du Midi |
| ERIC | 405* | 380 | 300 | 14.00 | TR Energy Res. |
| Eucalyptus Pulp | 605§ | 585 | 425 | 112.65 | Ibstock Johnsen |
| Freemans | 285*§ | 300 | 165 | 428.86 | Sears |
| Hill Samuel† | 810* | 800 | 684 | 777.00 | TSB |
| Intl. Signal† | 150 | 141 | 219 | 256.14 | Ferranti |
| Kingsley & Forest | 56 | 58 | 51 | 16.84 | Casket (S.) |
| M.K. Electric | 660* | 661 | 667 | 247.79 | Legrand |
| M.K. Electric | 550*§ | 661 | 550 | 206.49 | RTZ |
| McLeod Russel | 392 | 374 | 385†† | 46.74 | Kennedy Smale |
| Minet Hldgs. | 475*§ | 449 | 289 | 400.00 | St. Paul Co's |
| Ratcliffe Inds. | 100 | 100 | 138 | 8.12 | Utd. Spring |
| Samuelson‡ | 180† | 108 | 137 | 38.97 | Eagle Trust |
| Storehouse | 215 | 250 | 349 | 863.35 | Benlox |
| Tod | 260*§ | 256 | 220 | 29.64 | Beazer (C.H.) |
| Tricentrol | 145*§ | 155 | 99 | 134.66 | ELF-UK |
| Whouse& Rix‡ | 109.33† | 86 | 91 | 13.08 | J'son & Firth B |

*All cash offer.†Cash alternative. Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 4/12/87. ††At suspension. Shares and cash. ♦Released to NAV to be determined. ¶Loan stock. ♦Suspended.

### PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Albion | Sept | 382 | (467) | 7.3 | (10.0) | 2.0 | (1.8) |
| Avon Rubber | Oct | 11,400 | (1,370) | 47.7 | (37.8) | 10.0 | (6.5) |
| Baggeridge | Sept | 4,360 | (2,210) | 14.2 | (7.5) | 3.2 | (1.7) |
| Berisford S&W | Sept | 87,500 | (70,100) | 32.7 | (30.1) | 14.0 | (12.0) |
| Bradstock | Sept | 6,600 | (4,490) | 17.8 | (11.0) | 5.0 | (3.3) |
| Burns Anderson | Sept | 2,550 | (1,770) | 6.5 | (5.7) | 3.5 | (3.0) |
| Carlton Comm | Sept | 33,710 | (18,810) | 32.4 | (22.3) | 5.3 | (-) |
| Carrs Mill | Aug | 2,090 | (1,460) | 29.6 | (18.1) | 7.2 | (6.5) |
| City Site | Sept | 1,000 | (455) | 4.7 | (2.3) | 1.1 | (1.0) |
| Dobson Park | Oct | 14,074 | (11,219) | 10.9 | (8.3) | 5.2 | (5.2) |
| Eldridge Pope | Sept | 3,400 | (3,300) | 27.0 | (24.8) | 7.7 | (7.0) |
| Fairline Boats | Sept | 2,400 | (1,200) | - | (-) | 9.0 | (4.5) |
| Flexello Cast | Sept | 753 | (579) | 13.6 | (9.9) | 4.5 | (4.1) |
| Grainger Tst | Sept | 3,960 | (2,520) | 13.7 | (10.8) | 3.3 | (2.7) |
| Granada Group | Oct | 111,100 | (88,880) | 25.5 | (21.3) | 9.8 | (8.5) |
| Holmes & Marsh | Sept | 2,950 | (2,300) | 19.1 | (13.8) | 4.4 | (3.1) |
| Hoskyns | Oct | 6,510 | (4,530) | 11.3 | (7.5) | 2.1 | (-) |
| Irish Distill | Sept | 2,500 | (11,400) | 2.7 | (16.3) | 4.7 | (-) |
| Lexicon | Aug | 536 L | (146 L) | - | (-) | - | (-) |
| Lovell Y.J. | Sept | 16,280 | (12,260) | 20.8 | (14.9) | 5.0 | (4.0) |
| McCart & Stone | Aug | 25,000 | (11,250) | 32.1 | (22.7) | 4.1 | (3.3) |
| Morceau | Sept | 260 L | (1,952) | - | (16.5) | 1.0 | (-) |
| Pennine Res | Mar | 1,410 L | (1,390L) | - | (-) | - | (-) |
| Redfearn | Sept | 4,100 | (2,600) | 49.7 | (36.4) | 9.5 | (6.0) |
| Sidlaw | Oct | 2,880 | (3,370) | 9.2 | (9.9) | 5.5 | (5.5) |
| Stakis | Sept | 19,100 | (14,520) | 6.1 | (4.6) | 1.7 | (1.4) |
| Utd Scientific | Sept | 11,120 | (3,218) | 14.4 | (0.7) | 6.6 | (6.0) |
| VPI Group | Sept | 4,140 | (2,140) | 16.6 | (15.5) | 2.2 | (1.5) |
| Westland | Sept | 18,400 | (26,400) | 4.9 | (16.0) | 3.5 | (-) |
| Whessoe | Sept | 4,830 L | (4,750) | - | (16.3) | 5.5 | (-) |
| Wolv & Dudley | Sept | 22,300 | (18,220) | 22.6 | (16.7) | 5.8 | (4.6) |

### INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| Alexander (Walter) | Sept | 2,490 | (2,000) | 1.8 | (1.4) |
| Arlen | Sept | 754 | (520) | 1.0 | (0.5) |
| AB Engineering | Sept | 23 | (40 L) | - | (-) |
| Aveco | Sept | 1,230 | (327) | - | (-) |
| BBB Design | Oct | 373 | (342) | - | (-) |
| Beaverco | Sept | 560 | (437) | 1.7 | (1.7) |
| Berkeley Group | Oct | 7,500 | (3,100) | 1.0 | (0.8) |
| Bogod-Pelepah | Sept | 94 | (49) | 0.1 | (0.05) |
| Braithwaite | Sept | 905 | (106) | - | (-) |
| Bremner | July | 137 | (109) | - | (-) |
| Brit Build/App | Sept | 203 | (-) | - | (-) |
| BTP | Sept | 4,310 | (1,810) | 2.2 | (2.0) |
| Bulmer H.P. | Oct | 7,500 | (6,830) | 2.6 | (2.3) |
| Campbell & Arm | Sept | 719 | (650) | 1.5 | (1.3) |
| Chapman Ind | Sept | 617 | (354) | 2.6 | (2.4) |
| Charter Cons | Sept | 26,100 | (14,360) | 4.2 | (4.0) |
| Costed Electrodes | Oct | 825 | (1,060) | 1.4 | (1.3) |
| Compco Hldgs | Sept | 312 | (360) | — | (-) |
| Cox Stationary | Oct | 200 | (334) | 0.7 | (0.4) |
| Cranswick Mill | Sept | 431 | (391) | 1.8 | (1.8) |
| Creighton Lab | Sept | 341 | (228) | 1.4 | (1.2) |
| Crosby James | Sept | 767 | (688) | 0.6 | (-) |
| Dee Corp | Nov | 63,600 | (78,200) | 3.0 | (3.0) |
| Dowty | Sept | 26,400 | (22,440) | 2.8 | (2.6) |
| Evans of Leeds | Sept | 2,770 | (2,510) | 2.0 | (1.6) |
| Fine Art | Sept | 3,450 | (3,050) | 1.8 | (1.5) |
| Gold Green Trst | Dec | 1,490 | (820) | 1.5 | (1.2) |
| G.U.S. | Sept | 150,500 | (129,430) | 9.0 | (8.0) |
| Greycoat | Sept | 6,330 | (3,880) | 1.6 | (1.2) |
| Harland Simon | Sept | 402 | (219) | 0.6 | (-) |
| Havelock | Oct | 1,720 | (1,320) | 2.6 | (2.0) |
| Hunter Saphir | Sept | 1,890 | (1,540) | 1.3 | (1.0) |
| Jacksons Bourne | Sept | 301 | (70) | 2.0 | (2.0) |
| Learmonth | Oct | 684 | (517) | 0.5 | (-) |
| Lon & Overseas | Sept | 650 L | (75) | - | (-) |
| Lynton Property | Sept | 2,530 | (2,520) | 1.8 | (1.6) |
| Marling Ind | Sept | 2,330 | (1,440) | 1.0 | (0.8) |
| New London Oil | Sept | 145 L | (305 L) | - | (-) |
| Northern Foods | Sept | 34,500 | (36,920) | 4.2 | (4.2) |
| Optometrics (USA) | Sept | 42 | (21) | - | (-) |
| Osbourne & Little | Sept | 843 | (287) | 1.7 | (1.3) |
| Parkdale | Oct | 254 | (501 | 0.9 | (0.8) |
| Phoenix Timber | Sept | 831 | (132) | 1.0 | (-) |
| Pilkington | Sept | 122,000 | (73,300) | 2.3 | (2.2) |
| Preedy Alfred | Sept | 277 L | (304 L) | 1.0 | (1.0) |
| Priest Ben | Oct | 1,500 | (734) | 0.2 | (0.1) |
| Priest Marians | Sept | 4,270 | (1,190) | 1.5 | (-) |
| Reed Executive | Sept | ,010 | (2,620) | 0.5 | (0.4) |
| Robertson Group | Sept | 3,170 | (2,830) | 0.9 | (0.8) |
| Rolfe & Nolan | Aug | 232 | (141) | 1.5 | (0.7) |
| Samuelson | Sept | 2,120 | (1,350) | - | (0.8) |
| Saunders & Sidney | Sept | 305 | (251) | 2.0 | (-) |
| Select Appoint | Oct | 1,190 | (491) | 1.0 | (-) |
| Smith & Nephew | Oct | 74,900 | (53,180) | - | (-) |
| Smith New Court | Oct | 10,496 | (3,397) | 2.5 | (2.0) |
| Sterling Pub | Sept | 202 | (174 L) | - | (-) |
| Stewart & Wight | Sept | 45 | (55) | - | (-) |
| Stirling Group | Sept | 1,800 | (1,590) | 0.5 | (0.4) |
| Tex Holdings | Sept | 452 | (279) | 1.7 | (1.5) |
| Therm Scientific | Sept | 3,630 | (2,200) | 1.2 | (1.0) |
| Thorn EMI | Sept | 60,700 | (41,500) | 6.0 | (5.0) |
| Tinsley Eliza | Sept | 454 | (295) | 1.5 | (1.0) |
| Tipbook | Oct | 2,800 | (280) | 1.6 | (1.4) |
| Towles | Aug | 555 L | (369 L) | - | (-) |
| Triplex Lloyd | Sept | 1,340 | (807) | 1.2 | (0.7) |
| Wagon Ind | Sept | 3,420 | (3,110) | 4.5 | (4.0) |
| Waterglade | Sept | 2,070 | (1,590- | 1.5 | (-) |
| WCRS Group | Oct | 6,900 | (3,500) | 1.3 | (0.9) |
| Yellowhammer | Sept | 905 | (713) | 0.7 | (0.6) |

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. Third Quarter Figures

### RIGHTS ISSUES

**OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS**

Assd Nursing Services are to join the USM via a placing.
Hunter Saphir are to move from the USM to a full stock exchange listing.
Int'l Colour are to join the stock market via a placing of 2.65m shares at 85p.
Shorco are to join the USM via a placing of 956,655 shares at 100p.

• MARKETS •

# Mixed brew from the economic tea-leaves

IT WAS 8.30, Thursday morning, in Ballroom No.1, at the Regent Hotel, Sydney, Australia, when several hundred businessmen gathered for an unusual breakfast – eggs, coffee and Henry Kaufmann.

The well-known chief economist of Salomon Brothers, the New York investment house, was delivering his annual reading of the economic tea-leaves for Salomon Bros clients, live via the satellite waves of Channel Nine.

*Mr Kaufmann's* remarks – predicting a much lower US dollar, higher *US* interest rates and 2.7 per cent US economic growth in 1988 – appeared to have little impact on the Australian markets, which closed marginally down on the day, although some dealers credit him with deflating the dollar a bit further in New York on Wednesday *evening*.

Still, Thursday was a very long day – for which traders around *the globe* were *waiting all week* – and Australian investors, along with the rest of the Far East, went to sleep on the news that in October America continued to spend vastly beyond its means, with a record one-month trade deficit of $17.6bn (£9.6bn). When they woke up on Friday it was time to sell dollars and dump shares.

Tokyo, the world's biggest market by capitalisation, led the way down, shedding 245.03 points on the Nikkei average, which still closed above the technically important barrier of 23,000 points at 23,035.81. It was, in fact, a modest decline that only partly reversed a spirited rally on the previous day. Japan's electronic, electrical and automobile exporters who depend heavily on the US market suffered the most.

The dollar in Tokyo once again was closed at a new low of 128.75, after climbing back from earlier trading near 128 yen, in the wake of heavy intervention by the Bank of Japan.

Still, Tokyo stock prices closed up more than 400 points on the

## World Markets

week, buoyed by the relative resiliance on Wall Street and, more importantly, the enduring strength of the domestic economy, which has continued its *remarkably* effective adjustment to "endaka" – the era of the high yen. Rising domestic demand should prove enough to support corporate profits and, while the market continues to operate on *multiples of prospective earnings that baffle and frighten foreigners*, it has held firm.

In Australia, the battering on Friday went deeper. The All Ordinaries index shed 17.2 points on the day to close at 1,219.4. This was despite a *rise* in gold prices and heavy buying of North Broken Hill amid bid rumours that lifted the All Mining index by 3.6 points to 729.6. It was industrials that were hit hardest, with the All Industrial index off two per cent at 1866.2. Entrepreneurs were the main targets.

The main index in Australia could soften still further if the bid premium for BHP, Australia's biggest corporation, slips further away. BHP's biggest shareholders, Robert Holmes A'Court with 28 per cent and Elders IXL with 18 per cent, are unlikely to have the muscle to launch a bid anytime soon.

*The heavily* export-dependent markets of Singapore and Hong Kong fell in line as well, shedding 2.3 per cent and 1.2 per cent respectively.

By the time the sun rose over Europe, the world had had a bit more time to digest the meaning of the continued huge US trade surpluses. The dollar, of course, continued to slide, hitting against all major currencies.

However, the early reaction was different across Europe. Zurich opened more than two per cent off Thursday's close and while the larger German market opened easier price declines were more modest. London rose amid *a spate of takeover bids*.

The difficulty facing international investors is that the enormous trade deficit announced in Washington raises the ante by extending the uncertainty that has gripped markets since mid-October.

The reaction on Wall Street after the figures were announced neatly illustrates the problems facing overseas markets. The Dow Jones Industrials Averages plunged after the figures were released and then climbed back up, apparently on the realisation that US exports had risen by 3.7 per cent in October.

**Henry Kaufmann: breakfast briefing**

Imports were sucked in at an even higher, high rate, rising 12.3 per cent, indicating buoyancy in the US economy, and that is not bad for corporate profits. The size of the deficit was exaggerated by the J-curve effect – as the dollar falls, the dollar denominated value of imports rises even if the volume of trade flows does not change significantly. The most interesting news in the trade figures was indeed the rising volume of exports, which could have a significant impact on the trade balance in future months.

Still, as the dollar fell in response to the trade balance, interest rates began to rise, with the yield on 30-year government bonds hitting 9.39 per cent, up from 9.21 per cent the previous day. That helped knock the wind out of the stock market.

The lower dollar hits foreign companies in two ways. It makes goods sold in the US less competitive, unless prices and margins are slashed, and reduces the translation value of US derived profits.

A falling dollar puts upward pressure on interest rates in the US, if foreigners are to continue funding the huge American budget deficit with the purchase of new Treasury Bonds. This raises *the spectre of continued* weakness in stock prices and a possible economic slowdown, although the extent of this is a matter of debate among economists.

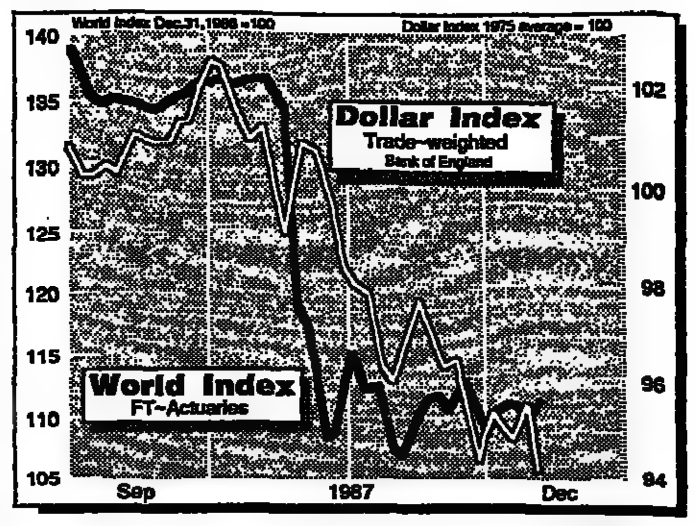
*The* jury is still out on just how far the October stock market plunge will affect US consumer spending, with some arguing that the "wealth effect" – reduced consumer spending as a result of paper, or real, losses in savings – will take hold in the New Year.

A twin jolt from reduced consumer spending and rising interest rates could hurt very badly in the stock markets, particularly because even after "Black Monday" market values are not high by historic standards. Goldman Sachs has calculated that average price to projected earnings ratios worldwide are 12, excluding Japan, and 23, including Japan, which is roughly in line with the average during the 1982-87 bull market.

That means that if a long-term bear market took hold, which has not happened yet, and real economic activity slowed, stock prices could be a major casualty.

If the US does lead in a worldwide economic slowdown, Europe and Japan with their large internal markets are obviously relatively protected, compared to the exposed newly industrialised economies of the Far East.

Japan and Germany in these cases could prove to be a relatively safe haven. This has to be tempered by real caution about Japan that *many* outside observers have expressed. Since the Japanese market has not fallen as far as the rest of the world – with price earnings ratios in the 40s – many observers fear it has a way to go. There are doubts that Japan can remain immune to the intense pressures caused by a continued fall of the dollar or failure of US budget deficits to decline significantly. Still, expectations that Japan would start to behave according to rules well understood in the West continue to meet with defiance.




Germany looks possibly more attractive because the market has been softer for longer and government is moving slowly, but surely, to boost the economy *as the US fails to prop the dollar*.

The case still stands, however, for international investors to seek a safe haven out of the equity markets. This sort of advice is disputed by many analysts who have looked at the steep equity price declines already on the books. Salomon Brothers is still forecasting good growth in the US next year and a 16 per cent gain in the Standard and Poor's 500 Index. Salomon Brothers does not believe that rising interest rates next year will significantly blunt the momentum of the US economy.

Perhaps the closest thing to a consensus to be drawn from analysts *is that extreme volatility is almost sure to continue in the* weeks and months ahead. The size of the "wealth effect," the direction of interest and hints over the pattern of US trade are bound to have an enormous effect on daily share price fluctuations so long as the direction of the economy remains so uncertain.

**Steven Butler**

# Resilience on trade deficit

IT WAS a shocking set of US trade figures exactly two months ago that precipitated the worst stockmarket collapse in history. Last week the US Commerce Department went one better, *announcing a stunning* deficit of $17.6bn – $1bn bigger than the previous record and almost $2bn worse than the most pessimistic forecast on Wall Street.

The dollar, of course, collapsed immediately but the stockmarket showed almost no response. With normally garrulous economists stunned into silence by their abject failure to predict the figures, investors can only shake their hands and wonder: what on earth is going on?

There are at least three possible explanations for the remarkable phlegmatism of stockmarkets around the world in the wake of this week's trade debacle.

First, history rarely repeats itself and when it does, as in the speculative fever which culminated in the stockmarket crash of Black Monday, the repetition occurs only after two generations have come and gone, allowing people to forget about the errors of their grandfathers.

It is most unlikely, therefore, that the *next big* decline in equity prices, whenever it occurs, will follow exactly the

## Wall Street

same pattern as the last one. If there was one thing that seasoned market operators felt confident about on Thursday it was that trade figures would not be the catalyst for a collapse twice in a row.

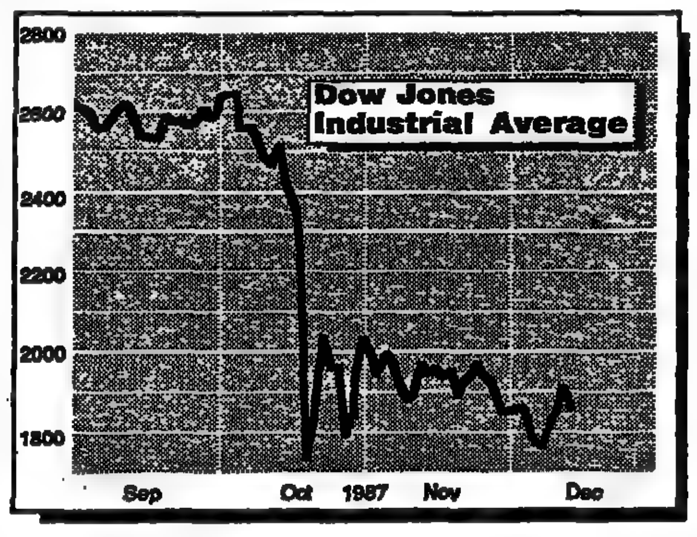
The second explanation is that the 30 per cent drop in share prices since August has already let much of the hot air out of the speculative balloon. With the Standard & Poors 500 now selling at 15.1 times historic earnings and yielding 3.78 per cent, equity prices do not have nearly as far left to fall as they did in the summer, when the market's price-earnings ratio peaked at over 23.

There is, however, an all-important caveat about this reassuring argument. Assuming that a genuine long-term bear market began in the summer, market valuations will eventually have to fall a long way further before the trend is ready to turn. Even a p/e of 15 is 50 per cent higher than the level which prevailed between the first oil shock and the beginning of the late bull market. During that period, share prices only briefly rose above ten times earnings, during the brief bullish correction of 1976. Taking the post-war era as a whole, serious bear markets have never reversed before stock prices fell below ten times earnings.

There are, of course, two very different ways for p/e ratios to decline to a point where the market becomes irresistibly undervalued. The normal one in a bear market is for prices to go on falling for an extended period – certainly much longer than the three months which have elapsed since the market's August peak. The more encouraging possibility is for corporate profits to rise rapidly.

This raises the third, and most interesting, explanation of the resilience in the market. The seemingly *unstoppable* US trade deficit suggests that American companies are being much less successful in regaining domestic and international market share than most economists had hoped and expected but this does not mean they are performing badly from a financial standpoint. Indeed, the disappointing performance of US companies in international competition may well go hand in hand with a rapid rise in profits.

One of the main reasons for the persistence of the trade deficits is that American managements are using much of the benefit of the lower dollar to boost their profit margins rather than their market shares. The beauty of this approach from the American investor's standpoint is that eventually US businesses will recapture most of their traditional markets, whether they consciously intend to or not.




The US simply cannot run a trade deficit of $200bn a year forever and, therefore, if American companies fail to respond to a dollar at Y130 by becoming more aggressive, the currency will just have to go on falling until the opportunities for expansion become more attractive still.

However, American manufacturing corporations will have made a great deal more money along the way if the trade deficit *finally starts narrowing at Y100* to the dollar rather than Y130. It is not surprising, therefore, that the market was kindest in the immediate aftermath of Thursday's trade figures to the companies *most exposed to foreign* competition and international trade.

Thus, while the Dow Jones Industrial Average fell 47.08 points or 2.5 per cent on Thursday and IBM shares fell $3 to $113, companies like Dow Chemical, International Paper and Bethlehem Steel each declined only $¼.

All of these businesses have recently been announcing hefty gains in profits and the plunge in the dollar this week will further boost their profit margins. If they choose to spend their rising profits not on undercutting their Japanese and European competitors but on increasing their dividends and instituting stock repurchase programmes, so much the better, as far as most shareholders are concerned.

This point emerges more clearly looking at the stockmarket's performance over a somewhat longer time-scale. Smith Barney recently published an *interesting tabulation* of the movements of individual market sectors during the month of November, as Wall Street began to consolidate and started to sort more carefully through the *financial rubble left after Black* Monday.

However disappointing their performance in improving US trade deficits, there is clearly a major recovery going on in the profitability of America's exporting and import-competing companies.

Of course, whether a boost from the lower dollar to this one component of the US manufacturing *sector is going to* be enough keep the whole economy expanding – and rekindle a bull market on Wall Street – is another question.

| | | |
|---|---|---|
| Monday | 1812.17 | + 48.43 |
| Tuesday | 1868.37 | + 56.20 |
| Wednesday | 1902.52 | + 34.15 |
| Thursday | 1855.44 | – 47.08 |

**Anatole Kaletsky**

John Edwards reports on the delay of a Fidelity launch

# Blow to PEPs

Barry Bateman: Fidelity managing director

A BODY BLOW was delivered to the Government's Personal Equity Plan (PEPs) this week by Fidelity, previously one of the scheme's most active supporters. The company announced that it had decided to postpone the launch of its PEP for 1988 until after the Budget in March in the hope that the Chancellor will announce measures to make the scheme more attractive to investors.

Barry Bateman, Fidelity managing director, said they had been lobbying the Government to improve the tax concessions provided by PEPs and remove some of the restrictions.

He said:"Our belief is that the Government is fairly sympathetic to this view ...In view of the possibility of improvements, therefore, Fidelity's advice is that would-be investors in Personal Equity Plans in 1988 should hold off, at least until the budget".

PEPs, which are part of the government's strategy of encouraging wider share ownership by providing tax free concessions, have come under considerable criticism since they were first announced in the 1986 Budget, before being launched in January this year.

However, Fidelity was one of the few companies to promote them very heavily and as a result became one of the market leaders, in spite of charging more than many competitors. The company has around 30,000 investors in its 1987 PEP and is second only to Lloyds Bank, with some 40,000.

Nevertheless, Bateman says Fidelity is very disappointed by the relatively small number of investors attracted. He claims that it is now "absolutely clear" that the tax concessions, offered by PEPs, have not been sufficient to attract first-time investors.

Without Fidelity's support, and bearing in mind the nervousness among investors created by the stock market crash, it is generally expected that the outlook for PEP schemes in 1988 is fairly bleak, and the Chancellor may be forced to do something if he wants them to survive on a viable basis. But whether he will introduce changes taking immediate effect, rather than waiting until 1989, is another matter.

The TSB has also called on the government to do something to improve the appeal of PEPs for small investors. Mike Ramsay, TSB Trust Company managing director and chief actuary, said the regulations were inflexible and confusing.

The People's PEP, launched by the TSB in July, aimed specifically at small, inexperienced savers, has so far only attracted about 2,000 customers.

Nevertheless, in spite of the considerable doubts about PEPs, some companies are launching new 1988 plans.

The Bank of Scotland, which introduced three separate managed PEP funds this year, has announced a new self-managed PEP for next year.

Called the Self-Select plan, it will allow investors to choose from any company quoted on the Stock Exchange, including the Unlisted Securities Market (USM).

Minimum investment, however, is £2,000 (£1,000 in any one share) and there is an initial charge of £25, plus an annual fee of one per cent of the value of the fund. Share dealing commission will be 1½ per cent, with a minimum of only £15, and no additional transaction charges.

From January 1 the Bank is reducing the management fee on its current (1987) PEPs to 1.5 per cent a year, from the one per cent every six months being charged this year.

Eastbourne Building Society has joined the few building societies to enter the PEP field. It has just launched a PEP scheme, which is managed by stockbrokers Brewin Dolphin.

# Awaiting the word on bonus rates

Hugh Scurfield: a question of bonus rates

ARE TRADITIONAL life companies going to cut their bonus rates this time round?

The answer could well come next Wednesday when Norwich Union Life Insurance Society opens the bonus declaration season, as it has done for the past few years. The rest of the life companies usually follow with their bonus declarations in the final days of the old year or in the first week or so of the new year.

Life company actuaries have been making warning noises for the past few years that investors should not assume that bonus rates can be maintained in the face of falling interest rates. However, there have been very few bonus cuts and those that have occurred have been cleverly disguised. The cut in reversionary bonus for 1986 made by Equitable Life, announced very quietly early this year, coincided with an increase in terminal bonus rates so that maturity pay-outs increased.

So financial intermediaries have tended to regard the warnings as cries of "wolf" - nothing happened following the first warning cries, so they have tended to ignore all the others, including perhaps the final warning when the wolf did come.

No one would cast Hugh Scurfield, head of NU's life operations, as a wolf. But will he announce a bonus cut on Wednesday? There are certainly some reasons why he might. The fundamental factors forcing life company actuaries to cut bonus rates have grown even stronger this year, especially in the past few weeks.

First, interest rates have come down during the year to a level where new money has been unable to earn sufficient to sustain current bonus rates. While equity markets were strong, actuaries could use the unrealised capital profits to support the reversionary bonus rate, but that prop has now been taken away, at least temporarily. Second, life companies have been securing vast amounts of new business this year - business that is expensive to put on the books.

The problems of United Kingdom Provident Institution last year and London Life a few weeks ago have highlighted the difficulties that can arise from pursuing high levels of new business and maintaining very competitive bonus rates from a limited capital base.

Thus there is a strong case to be made for cutting bonuses this time around, but will it happen? Against these fundamental factors lies the overall problem of marketing and the effect a bonus cut would have on a life company's marketing position.

With-profit bonus systems are two-tiered – a reversionary bonus added to policies every year, reflecting the investment income and realised capital appreciation earned on the funds, and a terminal bonus paid when the policy becomes a claim, reflecting unrealised capital growth.

It can be argued that a life company that cuts its bonus rates this time will be in a stronger competitive position in future years because it will not be eating into reserves. But it is doubtful whether an intermediary would see the situation in this light. He is more likely to regard a bonus cut as the first tangible sign that a life company is in trouble, unless a significantly large number of life companies cut their rates at the same time.

Here lies the crux of the problem. Some life companies still have tremendous financial strength to maintain existing bonus rates comfortably for several years to come. If these companies maintain their bonus rates this year, the marketing pressure is on all other companies to follow suit, especially with the marketing opportunities next year in the personal pension field.

Life company actuaries generally admit that if interest rates stay at their present levels then a reversionary bonus cut is inevitable. But they want firm evidence that interest rates are going to stay at current levels. The last thing they want is to cut bonus rates, only to find interest rates bouncing back.

However, there is a third party in these bonus considerations, besides the actuary and the marketing director - the Government Actuary, Edward Johnston. In his capacity as actuarial adviser to the Department of Trade and Industry he is responsible for monitoring the financial health of life companies.

Although he cannot order life company actuaries to cut their bonus rates, he can ask pertinent questions of the actuary on his valuation methods, level of free assets, and the financing of new business growth. It is known that this year he is keeping an even closer eye on life company returns.

All indications are that some actuaries this time may cut terminal bonus rates – bonuses added to contracts when they become claims – to reflect the fall in the stock market, but it is highly likely that reversionary bonus rates will remain unchanged for another year.

So Scurfield is expected to announce unchanged rates on Wednesday. Norwich Union has the advantage of holding a large property portfolio in its life funds, and property has performed well this year, so he should have little problem explaining an unchanged rate to the Government Actuary.

For the rest of the life companies, we must wait and see.

**Eric Short**

Eric Short on impending changes to the pricing of unit trusts

# DTI steps in

IN THE NEWS

INVESTORS worried by the proposed change in the method of pricing unit trusts can sleep easy for at least a little longer.

The rules under which the unit trust industry will operate in the financial services environment due to start next April will now be drawn up by the Department of Trade and Industry rather than the Securities and Investments Board - the watchdog of investor protection.

News of this change came last Monday and the industry heaved a sigh of relief. The move will give unit trust managers more time for consultation over the rules with people in the DTI, many of whom they have dealt with for years and who know the industry well.

The draft rules from the SIB, particularly the proposal to change the unit pricing mechanism to a forward basis, aroused considerable hostility, not only from unit trust managers, but also from investors.

"As an investor in unit trusts, I cannot see how the SIB's scheme could be beneficial or acceptable," wrote one Weekend FT reader on reading of the proposals to move from an historic to a forward pricing system. This reader will be relieved to hear this week's news. But he and others should be warned that the DTI do not appear prepared to leave the present pricing system unchanged. The Department is simply not such a supporter of the forward pricing system as is the SIB.

Under the current pricing system, the manager calculates the unit price (offer and bid) on a formula laid down by the DTI. All deals received subsequent to this calculation are transacted at these prices until the next calculation is made. The advantage of this system to investors is that simply by looking in the FT they know exactly the price at which they were trading if they telephone their orders.

The SIB sees a variety of inherent dangers in this system, with managers knowing how the market has moved since fixing the price and acting accordingly to - in the SIB's view - the detriment of the investor. The SIB's solution was to move to a forward pricing system, as used in the US for mutual funds, where all deals would be transacted at the next available price after the order has been placed.

This would mean investors would not know the precise price at which they were buying or selling, if the market moved between the time their order was placed and executed. It would be like buying shares blind.

However, the SIB claims that such a system would stop abuses by fund managers manipulating the "box" of units supposed to help smooth prices. But, as the reader points out, it would open up different opportunities. The manager, knowing the number of sizes of buy and sell orders, could adjust his prices at which he would deal, within the official formula, to benefit from this knowledge.

However, the DTI is adamant that there is a need to cure what it describes as "certain identifiable anomolies in the present pricing system." All that is being discussed, the department says, is the best means of achieving the desired end of protecting the investor. This would seem to rule out leaving the present system unaltered. The Unit Trust Association, in its submission responding to the SIB proposals, accepted that matters cannot remain as they are.

The ideal system the SIB and the DTI seek is a real-time pricing of units, with the price being adjusted constantly with each change in the value of the underlying securities. But until real-time pricing is achieved - and it will take a long time and considerable expense - a workable compromise has to be found.

The Unit Trust Association has proposed a half-way system, similar to that already operated by management groups such as M and G. The unit price would be fixed around midday. Deals received during the day up to a cut-off time - say 5.00pm - would be transacted at this price.

Thus, orders received before the price is fixed, including those received by post, would be on a forward pricing system. Those received by telephone during the afternoon after the price has been fixed would be on that historic price. Those investors who wish to know at what price they are dealing could telephone the group for the price, or find it from some other source, and then, if satisfied, deal on that price.

The UTA will be using the extra time given by the change to put forward this solution, but the DTI is willing to listen to all other proposals. The department intends to produce its final rules by early January, to receive Parliamentary approval by mid or end-February, so time is rather short for investors to make their views known.

# A second chance on endowments

**Eric Short reports on a secondary market in life contracts**

CASHING-IN A traditional with-profits endowment can be a eye-opener for investors, particularly if this happens in the early years of the contract. The surrender value offered by the life company usually comes as a surprise, especially when compared with the premiums paid.

Investors do have an alternative secondary market in which to sell their contract. For decades, the City firm of Foster and Cranfield has held monthly auctions of policies, in which the buyer of the contract continues paying the premiums and collects the maturity proceeds. However, this is a rather cumbersome procedure.

Now a secondary market in traditional life contracts is being developed, intended to provide instant offers to investors via VDU terminals in intermediaries' offices, which offer higher surrender values than the life company.

The Policy Network is the brainchild of Eric Osborne. It is based on the use of computer networks to calculate the value of the policy quickly and convey the information to the intermediary and the policyholder. Policy Network itself is merely providing a market in life contracts, matching sellers with buyers, although it will be quoting bid and offer prices for each contract.

In the valuation of life policies, Eric Osborne regards a with-profits endowment in a similar manner to a deep discount zero coupon bond - that is, an investment that provides a capital sum at the end of a given period, but with no interest payments in the intervening period.

His valuation procedure basically takes an estimate of the final maturity value, allowing for future bonuses, less the premiums paid, and discounts this sum at a rate of interest related to the long-term building society investment rates - currently 8½ per cent.

The life company actuary, in contrast, calculates surrender values based only on attaching bonuses to date. Policy Network can allow for future bonuses, since the policy is being continued - the ownership simply changes. The life company on surrender cancels the contract so there are no further bonuses. The life company actuary has to claw back those up-front expenses not already recouped, whereas since the contract continues, Policy Network can ignore expenses in its calculation. Not surprisingly, Policy Network's method produces substantially higher values than those from a life company, as seen from this example.

*With-Profits Endowment assurance from Norwich Union for sale now:*

**Date effected** - November 1977.

**Term of policy** - 25 years.

**Premium** - £30 a month gross.

**Sum Assured** - £6,738.

**Attaching bonuses** - £6,642

**Current bonus rates** - reversionary 5 per cent, terminal - 42 per cent of total payout.

**Illustrative maturity value** - £33,278.

**Norwich Union surrender value** - £6,738.

**Policy Network valuation** - £8,906.80

This is the offer value - the price a buyer would pay for the policy. To get the bid price which the investor would receive for selling his contract, Policy Network deducts a straight 12½ per cent as the bid/offer spread for all contracts. Thus the investor receives £7,793.45 for his contract, still more than £1,000 above the surrender value - and Norwich Union is one of the best payers among life companies.

Investors wishing to take advantage of this market when cashing-in their with-profits contract should go through their intermediary. The intermediary, in order to use the Policy Network service, will need to have access to the InView system, but with this access, operation of the system is straightforward. The intermediary obtains details of the contract, including the surrender value and estimated maturity value. Details are keyed into the InView system and the bid value shown on the screen.

As said, Policy Network is a market place. It will not make an offer for a particular contract from an investor unless it has a buyer available.

At present, Osborne has a considerable amount of institutional money committed to buying life policies - mostly small, self-administered pension schemes.

However, Policy Network is only making offers on contracts from 14 life companies, including top performers. At present, buyers can be selective in their choice of life company contracts.

**Eric Short**

# Seasonal BES issues

A CROP OF Business Expansion Scheme issues has come forward in an attempt to divert consumers' funds from Christmas presents to long-term investment.

Tamborough Properties is a Leicester-based company which has been active in property development and now plans to concentrate on developing up-market retirement homes. There are risks - the company has made losses in three of the four trading periods to date and it will have to watch its step carefully if it is to avoid the restrictions on BES property issues. Joint sponsors Singer & Friedlander and Hill & Osborne are offering 2.49m shares at 60p each and the minimum application is 2,000 shares.

Corinthian Construction & Development is that old BES favourite - a secured contractor. It also plans to become involved in property development along the M4 corridor. Chancery Securities is offering 5m shares at £1 each; the minimum application is 500 shares.

A less conventional issue is on offer from Oriental Express, a Chinese fast-food restaurant chain. Oriental has three trading outlets, but so far results have been unimpressive, with losses of £211,000, £126,000 and £174,000 in the last three years. Schaverien is trying to raise £1.2m for the company. Minimum application is £1,200.

Another unusual issue comes from International Financial Strategies, which offers foreign exchange advice to corporations concerned about currency movements. It hopes to raise £1m, via an issue sponsored by Chancery Securities, of 1m shares at £1 per share. Minimum application is £500.

**Philip Coggan**

# Very flexible friends

**John Edwards on extra credit card benefits**

CREDIT CARDS are used by more and more people, but few realise that there are significant differences between the interest rates charged and the additional benefits available.

Did you know, for example, that with the Standard Chartered Bank's Visa card you can buy traveller's cheques free of commission and also receive free taxation advice? That the TSB Visa Trustcard gives you discounts on medical insurance, car hire and telephone shopping, or that the Co-operative Bank Visa card pays interest on credit balances held?

These facts, and many figures, are contained in a Consumer Guide to Credit Cards booklet, published recently by the Save & Prosper group.

The motive behind publication of the booklet is not entirely altruistic. It also highlights the fact that the Save and Prosper Visa card, with Robert Fleming, charges a lower rate of interest on outstanding balances at 1.5 per cent monthly (equivalent to an annual percentage rate, APR, of 19.6) and allows you to choose the date for your monthly payment.

Most other bank credit cards - both Access and Visa - charge 1.75 per cent (APR 23.1). But Lloyds Bank Access card, and TSB Visa Trustcard charge an even higher rate of 1.90 per cent a month (APR 25.3) and the Bank of Ireland charges 2 per cent a month (APR 26.8). However, Lloyds have meanwhile announced it is reducing the rate to 1.80

Of course no interest is payable if you settle up before the specified date of payment, so properly used by the consumer they can be a useful source of credit and free benefits. But, fortunately for the banks, life doesn't work that way. You have to be well organised and disciplined to make the most of credit cards, to reap the benefits while avoiding payment of the very high interest charges.

In theory, the recent fall in base rates should bring the cost of credit card interest rates down as well; but don't count on it. The banks say the basis for the interest charges are different and that credit card users are not very price sensitive. Otherwise how would Lloyds and TSB get away with charging more than the other clearing banks using Access cards?

The booklet covers only bank credit cards, of which in Britain currently some 23.8m have been issued: 3.1m. Visa and 10.7m. Access. It does not include details of the 8m store cards, which charge even higher interest rates, or the 1.5m. charge cards, such as American Express and Diners Club, which do not offer extended credit and involve a joining fee and annual subscription.

The Consumer Guide to (bank) Credit Cards, which also gives advice on consumer rights, is available free of charge from Save & Prosper, Customer Services Department, Freepost, Romford, RM1 1BR (or by calling free Moneyline 0800-282-101).

The second Holborn Great Investment Race begins, and it's all in aid of charity

# Ready for the leap into the bear pit

IT'S A TOUGH act to follow. Six lots of fund managers took £35,000 each, played the market for a year and turned it into £989,856. This time the ante has been upped to £55,000 and nine teams are pitting their skills against time, each other and – the ominous new ingredient – a bear market.

The contest is the second Holborn Great Investment Race, which began at the start of business on Thursday last and will run until dealings close on Friday, December 9, 1988. The aim is to make as much money as possible, all of which will go to a *range of charities for the homeless*, the disabled and drug and alcohol victims.

The first race, which ended just 26 days short of Black Monday, raised £779,856 - a 271 per cent increase on the original £210,000 portfolio and an amount which, frankly, far exceeded the expectations of Charity Projects, the group which conceived and organised the race.

As last year, each team's initial stake this year has been provided by Prudential Holborn. At the end of the year, after returning to the Pru its interest-free loan, all the profits will go to Charity Projects for distribution to more than 50 small, local charities.

Give or take the odd bear, the amount raised will be determined solely by the skill of the investment teams. The rules they must abide by are simple. The only criterion is that each investment must be available to private investors through a broker in a recognised stock exchange in any Western European country, the US, Japan, Hong Kong or Australia.

The investments may include shares, currency deposits, unit trusts, futures or traded options.

There are no limits on the number of changes each team can make to its portfolio. The WM Company, performance measurement consultants, will be monitoring the progress of each portfolio throughout the race. Regular reports on each team's progress will appear in the FT, in which the contestants will explain, or explain away, their investment decisions. Four of the teams who took part last year are braving another race – *stockbrokers Bell Lawrie and* Hoare Govett, the Japanese securities group Nomura, and Prudential Portfolio Managers. Bell Lawrie and Nomura are particularly intrepid, it has to be said, considering they came bottom and second bottom respectively first time round.

Bell's team leader Derek McIntosh puts it down to being "too adventurous", but stresses "we are going to be stricter with ourselves this year." The portfolio will be quality undervalued equities and convertible loan stock run on the same basis as Bell would a discretionary client growth portfolio.

Nomura, hailed as the world's biggest securities house, will be *concentrating on major domestic* stocks in Japan. Andrew Jacobs, who will be doing battle in tandem with colleague Kenichi Fukuhara, says they expect the yen to appreciate and a strong market to continue. "We also think there are some very good buying opportunities in the Japanese warrants market, which has been oversold recently."

Hoare Govett came third in the first race and aims to beat that performance. Part of the Californian bank Security Pacific, it has worldwide contacts and provides a round-the-clock dealing service. This back-up, says Peter Clark, will be the bedrock of the firm's assault. "The strategy will be the same as last year. We shall hold only one or two speculative stocks at most, selected from markets around the world."

If you're on to a winner, stick with it, is the policy of the Pru and who is to argue with them? Supreme champions in round one, they are leaving their team and strategy unchanged, and will use *stocks, options and futures* to maximise the return on choice opportunities in London and abroad.

"We shall establish a good portfolio that will last us for the full extent of the race," says Trevor Pullen. "It might be more difficult this year with the uncertainties in the markets, but we are alive to the possibilities."

There are five newcomers to the contest. Capital House, the investment management arm of The Royal Bank of Scotland, offers unit trusts and personal equity plans and acts for pension funds, charities and private clients. David Kidd will lead the race team. Capital's strategy, given the team's cautious view *of the prospects for equity markets at the moment*, will be *to* start with some fixed-interest *stocks and plenty of cash*. They will comb international markets for the most attractive situations and hope to take advantage of trading opportunities.

Cazenove, one of the City's most prestigious stockbroking firms, promises to provide formidable competition this year. The team is headed by two partners, Bernard Cazenove and Lord Faringdon, but all the firm's 35 partners will contribute ideas. "Initially we shall put the bulk of the money on deposit earning 9 per cent interest," says Lord Faringdon. "But there are a number of anomalies in world markets, and we think we have spotted two or three on a short-term basis. We shall invest internationally, treating the world as our oyster."

*Daiwa Europe* will be competing not just against the other teams but, in particular, against *Nomura – Daiwa and Nomura* being the two biggest Tokyo securities houses. To obtain the maximum leverage, the Daiwa team is relying on Japanese equity warrants, which can double - or halve - in a day. "We shall be leveraged to the hilt," says Antos Glogowski, "so that if we get it right we shall go up in a blaze of glory. And if we get it wrong, we will really get it wrong."

Enskilda Securities, the London-based European investment banking arm of Skandinavska Enskilda, Scandinavia's biggest bank, is fielding a team of five. Team leader Diana Barran says their strategy will be to focus on value, using options and warrants as well as conventional securities. The plan is to start cautiously and use profits to become more aggesive, based on *a short list of securities*.

The final newcomer, Henderson Administration, is one of the City's leading fund management groups, handling investments for a range of clients from individuals to pension funds, as well as unit trusts and investment trusts. The team, Claire Novak and Anthea Nugent, will emphasise equities. In the UK the overriding factor will be strength of management, while they will look to gain strategic exposure overseas through index options or futures.

**Fiona Thompson**

Olympic torches symbolise the efforts investment teams pledged at the start of the Great Investment Race, attended by Prince Edward at Salters Hall in the City

# Test your market skills

**John Edwards outlines your chance to win the FT Readers' Race**

A CHANCE to win £5,000, test your skill in the stock market, and give to charity all at the same time. That is the opportunity offered in the second FT Readers' Race, being run in conjunction with the Great Investment Race, which was launched on Wednesday this week.

While the nine teams in the *Great Investment Race battle it* out with their £55,000 portfolios to see who can raise most for charity the FT Readers' Race gives private investors the chance to see how they can perform with the same sum – on paper.

Entrants in the Readers' Race assemble a mythical portfolio worth £55,000 by choosing five shares from the FT-SE 100 index which they think will perform best during the coming year. The winning entry - the reader with the highest value portfolio according to prices quoted in the *FT on December 10,1988* - will win £5,000 worth of Holborn unit trusts donated by Prudential/Holborn, sponsors of the Great Investment Race. This is double the £2,500 worth of unit trusts given by the Pru for the first Readers Race run from September 1986 to September this year.

To help keep interest going *throughout* the next 12 months, the FT will also donate special prizes quarterly to readers with the highest value portfolios at the end of March, June, and September. So there will be regular reports on progress in the Readers' Race, as well as on the Great Investment Race itself.

There is another important change in the second Readers' Race. The "paper" £55,000 must be spread in a portfolio of five shares in units of £11,000. Last year you were allowed to put the whole sum, in units of £7,000 each, into one *or* more shares up *to a maximum of five*. However, canny FT readers quickly realised that to have any chance of winning, it was best to put all the money into one selected share and hope that it turned out to be the *top* performer. But *that* was essentially against the concept of the skill involved in guessing which combination of companies in the FT-SE 100 Index will provide the highest reward. It also caused some problems, since so many readers selected the winning shares - Britoil and Consolidated Gold Fields - that the tie-breaker became the *vital factor* in deciding the final winners.

Since many readers are likely to choose the same five shares, the tie-breaker will have to be used again this year, but it is hoped that it will not feature so prominently with a portfolio of shares to be selected. The tie-breaker remains the same - guessing the trend in the FT-SE *100 index, but this time there* will be more skill involved, since you will have to guess the index at the end of March, June and September to qualify for the quarterly prizes, as well as on December 9, 1988 - the closing date of the Great Investment Race - to win the main prize of £5,000.

Otherwise the rules remain roughly the same. A number of assumptions are made to take account of possible developments that might affect the chosen shares.

- If there is a rights issues, *entrants* will be assumed to have sold a proportion of their rights to buy the maximum possible number of shares in the company.
- When one of the companies in the portfolio is subject to a take-over bid, the entrant is assumed to have voted on accepting or rejecting the bid in line with the majority of the shareholders. If the bid fails, the shares will be retained. If the bid succeeds and the new owner makes an offer of shares, then the entrant is assumed to have accepted them. If the offer is in *cash, the entrant is assumed to* have used the cash to buy shares in the successful bidder's company.
- The value of the portfolio at the end of the race is judged on the total return received. Any dividends paid will be retained - without incurring interest - and be added to the value of the portfolio at the end of the race.

The dividends include all those earned by the share holder, even if they are due to be actually paid over after the end of the race.

The Readers' Race, like the Great Investment Race, will be monitored for Prudential-Holborn by the WM Company, computer systems *specialists*, in association with Charity Projects.

The fee for each entry into the Readers's Race remains unchanged at £10, which will be donated to charity via Charity Projects. Last year the Readers' Race raised nearly nearly £17,000 for charity, money which was spent quickly without having to *wait* for the end of the contest. The great attraction of Charity Projects from the donor's point of view is that all the money contributed goes straight to charity, without any deduction for administration or overhead expenses.

So even if you don't win the £5,000 top award, or quarterly prize, your money is quickly used to help charities for young people who are disabled, homeless or suffering from drink or drug misuse, through organisations *not big enough* to fund their own appeals for money.

Entry forms for the Readers' Race will be printed, together with a list of the FT-SE 100 shares (and the prices on December 9, the starting date) in the next issue of the Weekend FT and subsequent issues until the closing date for entries on January 31.

# Jane is on the cadge

JANE TEWSON is the sort of woman who walks into your office with a smile and a box of Biros tucked under her arm.

Her founding principle when she set up Charity Projects three years ago was that every penny raised should go to charity, with all the costs of running the operation, from salaries to soap, sponsored.

The sponsorship takes many forms, ranging from formal covenants to informal coveting, hence the box of Biros. "Everywhere I go, I ask if I may have some envelopes, or paper clips or staples." After three years people know the form and often don't wait for her to ask, coming up with: "Gosh Jane, you really do need a year's supply of photocopy paper."

Richard Branson is providing £60,000 a year until 1990, enough to cover the four full-time salaries. An office in Soho is donated, as is a laser *printer, photocopier and fax* machine, and a man in Stockport, who read about Charity Projects, sent a year's supply of black polythene rubbish bags.

Harbottle & Lewis does all Charity Projects' legal work for free, Howard Tilly audits, Cyclone Courier does the biking and film producers and editors have given their services to make a promotional video.

Since its conception, Charity Projects has raised £2.5m and hopes to raise between £3m and £4m in 1988. Its policy is to provide funds for causes which *don't exactly tug at the public* heartstrings and consequently find it difficult to raise money by conventional means - projects to help the homeless, the disabled and people suffering from alcohol and drug abuse.

Grants can range from the strictly practical – such as money to buy a washing machine for a night shelter so that the people staying there, who often only have the clothes they are wearing, can wash them – to providing £50,000 over two years to research and pilot initiatives to support *young, disabled school-leavers*.

"We are an enabling charity," says Jane Tewson. "We provide practical help for the people who commit their lives to working with people in need. Our money is getting to areas where the others' isn't."

**Fiona Thompson**

# Blow to property investors

**John Edwards tells the sad tale of the action taken by two leading residential funds**

DISASTER HAS struck investors in the two leading residential property funds, in spite of no discernible fall in the value of properties in central London, where the funds' assets are concentrated. *First, Henderson* announced that it was invoking the deferment clause in its fund, which locks investors in for a period of 12 months by preventing them from selling. Then, Target slashed the price of its residential property fund by 18 per cent.

So what has gone wrong at a time when property is seen by many as a safe haven, following the crash in the stock markets?

It is apparently nothing to do with any weakness in the property, which is reported to be quiet and holding steady since *the stock market crash but no* longer roaring ahead. The problems started much earlier in the year when the pedestrian performance of the residential property funds encouraged many short-term investors to switch out to high-flying equity-based funds. However, no relief came when the stock market crashed. Investors, reluctant to take heavy losses on share-based funds, sold out the property funds where they could still come out with a profit.

"We had no choice," according to Chris Burrows of Henderson, explaining why the group had invoked the investor's nightmare of locking them in the fund. "Money had been bleeding out of the fund since the beginning of the year. We were running out of cash and would have become forced sellers of property to the detriment of investors."

But it didn't end there. Target, alarmed by the possible repercussions from the Henderson move, decided *to take drastic* action to prevent a similar run on its Residential Property Fund. Instead of invoking the six-month deferment clause in its fund, it decided to slash the unit price by 18 per cent.

Brian Hulme of Target said they felt it was a more constructive approach to reduce the value of the units, giving investors a paper loss and discouraging sales. To protect the interests of long-term investors they had revalued the fund on a "forced sale" basis (i.e. assuming the worst) and this meant that the *unit price had been cut by 18 per* cent to 89p bid, 93.7p offer.

The offer price, which reached a peak of 113p, is now below the launch price in October 1986 of 100p, he pointed out, so it represented a good opportunity to buy at a discount to the normal valuation of properties, whose price had certainly risen during the last 14 months.

The value of the fund had fallen from £100m at the launch to £72m last month and as a result of the revaluation is now put at around £60m. His advice to investors is to sit tight and wait for confidence to return. There has been no decline in the property market, he stresses.

The much smaller *NM* Schroder fund is holding firm. Ian Sampson of NM Schroder said their fund (valued at around £20m) was still on an offer basis with money actually coming in. They were keeping an eye on redemptions and had sold some properties at above market valuation.

As far as they were concerned, residential properties were holding their value, although the market was quiet.

It remains to be seen whether this is just a crisis of confidence but the problems for the funds come at a bad time for the Government, which is planning to include property-based funds among the proposed new range of authorised unit trusts.

Until now unit trusts have not been permitted to invest in actual property because of the difficulty in valuing and disposing of such illiquid assets at short notice. Hence, the deferment clause built into the insurance bond vehicle used to get round the ban on property unit trusts. However, as Burrows sadly commented: "The Government might have to think again about the 20 per cent liquidity ceiling for the proposed property unit trusts. Our experience shows that it isn't enough."

With its offshore Residential Property Fund, Henderson has been forced to take a different approach. It has no deferment option since it is a quoted company on the Unlisted Securities Market so the fund price has been adjusted downwards instead.

* John Brennan looks at the current state of the property market and the Henderson fund on Page X – "In the Docklands bunker."

# Yes, it pays to shop around

SHOPPING AROUND for a mortgage has become even more important, following last week's further cut in base rate and the move by Midland Bank to reduce its home loan interest rate to 9.75 per cent – well below the level set by the other clearing banks and leading building societies.

So far none of the big lenders has followed the Midland's lead downwards, but there are several companies offering mortgates with interest rates below 10 per cent.

Lowest rate at the moment is 9.25 per cent offered by London intermediaries BMI Finance, Chase de Vere (Pall Mall) and John Charcol for endowment or pension mortgages of more than £50,000 up to a maximum of £150,000.

The funds come from an Irish bank, which has set aside a large amount for the scheme and intends to maintain a differential below the building society base rate. Nevertheless there is, of course, no guarantee that the variable rate charged will remain competitive for the whole period of the loan.

There is an acceptance/administration fee of £200, but BMI says it is only payable if the loan is completed. You are allowed to use your own solicitor and any *supporting endowment or pension policies* are selected from a panel of recommended companies.

Meanwhile, the United Bank of Kuwait has reduced its home loan rate to 9.75 per cent, and Allied Dunbar has come down to the same level for endowment mortgages of more than £75,000. So has Providence Capitol for loans up to 80 per cent of valuation. Yorkshire Bank's mortgage rate falls from 10.25 to 9.75 per cent, effective from January 1.

Britannia Building Society this week introduced a special "helpstart" package for first-time buyers offering a guaranteed endowment mortgage at 0.5 per cent below the society's normal interest rate (currently 10.25 per cent). But the lower rate applies only for the first 12 months.

*Currently charging* 9.90 *cent* for mortgages are Sumitomo Bank for all loans, and Girobank and Northern Rock Building Society for loans of more than £50,000. On 10 per cent are Algemene, Grindlays and National Australia banks, as well Cheltenham & Gloucester building society from January 1.

According to the latest edition of Blay's Residential Mortgage tables, more than 50 per cent of all lenders have cut their rates recently, but over 60 per cent of building societies have yet to make a move.

**John Edwards**

FINANCE & THE FAMILY

# Spring rights

**In my area, which has been designated of outstanding natural beauty, there is a public house and an agricultural field. The new owner of the property has made a car park out of part of the field for his customers and has now been told by the council to make a planning application for this car park.**

**You will see by the enclosed deed that I have a right to all the springs of water in this field, whether in use or not. I was not given a right to springs of water in a car park. I have plans which need a good supply of pure water and so object to the car park, as the ground could become polluted with car oil which could seep into the springs and become a potential health hazard.**

**I hold a licence given by the water authority to abstract water over the whole field. Can the planning committee override my legal rights and if they do, what action can I take?**

The planning authority cannot override private legal rights. If planning permission is granted it would only remove one obstacle from the path of the would-be developer, who still has to make his peace with those whose legal rights his development would invade.

You should write to the developer pointing out the nature and extent of the water rights you claim and warning him not to derogate from those rights or cause a nuisance by allowing effluvia to escape from his site into the springs which are the subject of the deed.

## Andorran difficulty

**I would be grateful if you could offer some advice for a friend of mine who is resident in Andorra. The gentleman is domiciled there and has no abode whatsoever in England. He has lived abroad for 11 years (seven of them in Andorra) and his taxes have been repaid by the Government. His only connection with the UK is a part-share in a small factory in London.**

**The question is whether someone resident in Spain or elsewhere (other than Andorra) can be the executor to his will. He fully realises that no-one in England can perform this duty as it will involve paying death duties. Any advice you can offer would be most appreciated.**

We cannot advise as to the law of Andorra. So far as a will disposing of assets situated in England is concerned, the residence of the executor would not affect liability to inheritance tax; but there will in any event be liability to tax in respect of immovable property (the factory) which is in the United Kingdom, regardless of who the executor may be.

## Brokers' error

**Would you advise me what redress, if any, I can obtain from a stockbroker in the following circumstances: in October 1986, through my bank, I instructed him to buy 3000 of a certain share, worth over £40,000. I received a contract note for that number of shares, and my account was debited accordingly.**

**I now find, after checking with the bank on another matter, that they only held 2260 shares on my account. Taking up the matter with the broker, they received an apology, and assurance that the 740 missing shares, plus 10 shares equivalent to last year's reinvested dividend, would be supplied.**

**I feel that I am entitled at least to a year's interest on approximately £10,000 value of the missing shares, which has been kept by the broker for that period, and/or only pay the current value of these shares, now worth less than £8,000.**

The redress which has been offered, namely the supply of the missing shares plus shares in the value of the lost dividends, is as much as you would obtain from the court; save only that you would be entitled to insist on a cash payment of the net dividends rather than the proposed shares representing that value. An interest claim would not arise in the circumstances.

## Rightful path

**For about 20 years my wife and I have taken walks several times a week through a large wood near our home. During this period there has been no indication of opposition to our access in the form of notices or otherwise. The owner lives some distance away and rarely, if ever, visits the property.**

**Ownership of the wood changed hands about two years ago. Can we now consider that, due to long usage, we are legally able to walk through the wood? If this is not the case, is there any way we can establish a right to continue?**

It remains doubtful whether a right to walk in the woods can exist as a legal easement. In re Ellenborough Park, in 1956 it was held that a right to walk in a defined garden area for mere recreation can exist, but it may be much more difficult to bring a large wood within that principle. If such a right can exist, you would acquire a prescriptive right of that kind through regular use for a period of 20 years or more.

BRIEFCASE

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

## Exceeding CGT limits

**A small problem with CGT. I do not receive the usual annual request to submit full details of income, presumably as all my income is taxed at source and is not subject to a higher rate. Further, I keep any capital gains below the relevant limits. Recently I found that the gains for 1985/6 did exceed the limit for that year, so I wrote to my tax office offering to pay the tax, which would be about £700.**

**I claimed that two items were not chargeable to CGT and now I have been asked to justify that claim. They are: Tesco 9% Conv. Unsec. Loan Stock 2002/2007 and Caffyns 6% Cum. 1st Pref.**

**I did not give any reasons for my statement that they were not chargeable as I was under the impression that fixed interest stocks issued by quoted companies are exempt from CGT. Is this correct? If so, could you give the reference to the relevant section in the Act.**

**The total gain recorded for both stocks is not large (£975), but even so, I believe that I am not due to pay anything.**

Neither convertible loan stock nor preference shares are exempt from CGT. The exemption which you have in mind is to be found in section 67 of the Capital Gains Tax Act 1979, as amended in 1986, in conjunction with the section 64 of the Finance Act 1984 and paragraph 1 (5) of schedule 12 to the Finance Act 1973: it does not cover convertibles or perfs.

Your tax inspector may seek retrospective interest and penalties for your failure to report your CGT liability for 1985-86 at the appropriate time. As reported in the FT of November 7, the High Court has ruled that ignorance of the tax laws is not a reasonable excuse for failure to comply with them.

Diary of a private investor

# Life concern

THREE WEEKS ago I read a press report that London Life was cutting 100 jobs, closing a number of branch offices, and reducing terminal bonuses on its policies. I was rather concerned, as I hold a number of life and unit-linked policies with London Life.

I therefore rushed to my policy documents and carefully read all the small print again. The company is more "generous" in its surrender values than a number of other companies, but even so the "premium termination charge" on a one-year-old policy could possibly amount to 33 per cent of the total premiums paid, while a two-year-old policy had a termination charge of up to 15 per cent of the total premiums paid, and so on. Policies ten years old or more were not subject to a termination charge.

These penalties deterred me from cashing in my policies and I decided to wait for further news. Had the company fared badly with its investments? Had it issued large life cover policies to people who had died unexpectedly, thus necessitating large payouts?

In the past, London Life has been very good at keeping its policy holders informed of developments. Unlike some other mutual companies, it sends a copy of its annual report and accounts to all its policy holders. It also issues a "briefing" newsletter.

Unfortunately, the October issue made no mention of problems or cuts and pointed out London Life's excellent track record compared to the "average" company. For example, £1,000 invested in its Equity Fund and held for five years until July 1 1987 had increased to £3,533 compared to £3,260 for the "average" company. So what had gone wrong?

Eric Short's FT article on November 28 offered some reassurance: "All signs are that the company has taken the necessary corrective action in time." But could it have taken appropriate action sooner?

On December 1, I received a circular from London Life. this confirmed a 10 per cent reduction in staff, and reductions of about 10 per cent in terminal bonuses for policies maturing on or after December 1, 1987.

The circular stated that "in common with all life assurance companies" it had "inevitably suffered a fall" in the value of its assets as a result of the stock market crash, but pointed out that at the end of September only 52 per cent of those assets were in equity shares. The company's portfolio contained "a substantial proportion of gilt edged stocks and property" and this had helped to lessen the "full impact of the fall."

However, "the fall in asset values has reduced the capital base which has initially to finance new business for mutual companies." Hence the cuts.

I was not satisfied with the circular. According to the company's annual report, in 1985 it employed 814 people, yet in 1986 this had jumped to 930. Why had there been such a dramatic increase in staff numbers?

I phoned London Life. According to Dr John Evans, the company's managing director, "the vast part of the increase" in staff numbers was due to "the build up of new computer systems." I was astonished. I thought computers were supposed to let companies manage with fewer people and the cuts seemed to be mainly of sales staff.

I agreed with Dr Evans when he said that he had to tell staff their fate before he could let policy holders know about the cuts. He admitted: "Frankly, we are not a slick PR organisation." Dr Evans maintained that the sales staff cut and reductions on terminal bonuses were necessary: "We felt that what we did was right and others will probably have to follow."


According to its last report, London Life had eleven directors, only two of whom are executives. Of the remaining nine, at least three are old Etonians and two are retired former employees of London Life. While the directors are undoubtedly excellent individuals, and provide considerable property, banking, legal and other expertise, perhaps what the company also needs are a few directors more representative of its average policy holder. After all, it is the policy holders who own the company.

London Life could also consider adopting the practice of a few other mutual companies and send its policy holders a list of the investments which the company held at the end of each year. These changes would do much to allay my fears.

The company could also scrap its expensive new logo, which it announced in October. Richard Whittington (1358-1423) was Lord Mayor of London three times - but to have his picture and cat as the new logo will only make many people think of the pantomime. Is this the sort of image London Life wishes to project?

**Kevin Goldstein-Jackson**

# BRIDGE

MY FIRST example hand is taken from a duplicate pairs event:

N
♠ K J 7 6 5
♥ 6
♦ 8 4 3
♣ A K J 8

W
♠ –
♥ K J 10 7 5 2
♦ K Q J 5
♣ 10 6 3

E
♠ Q 10 3
♥ Q 9 4 3
♦ 10 9 2
♣ Q 9 2

S
♠ A 9 8 4 2
♥ A 8
♦ A 7 6
♣ 7 5 4

With both sides vulnerable, South dealt and bid one spade, West overcalled with two hearts, and North's four spades ended the auction.

West led the diamond king. The contract seemed secure to South, so he won with his ace and cashed the ace of spades. West showed out, which was a nasty shock, and the declarer led back a diamond. Winning with the knave, West switched to the three of clubs, taken by the ace, and another diamond was played. West won again, and returned the six of clubs; dummy's knave was finessed, losing to the queen, and with East sure to make a trump, the contract could not be made.

Unless East held all three trumps, the contract was on ice, so South should have assumed such a break, and looked for a way of overcoming it. The solution is not difficult: the king of diamonds must be allowed to win the first trick. South wins the next diamond, cashes the spade ace and learns the bad news. But he is in full control, and exits with his last diamond. West takes and switches to a club, which is taken by dummy's ace. The declarer cashes his ace of hearts, ruffs the eight on the table, cashes the spade king, and returns a spade to the queen. East is trapped and has no good return: a club runs into dummy's tenace, a heart concedes a ruff discard.

We turn to rubber bridge:

N
♠ A 4
♥ 10 8 4 2
♦ Q 4 3
♣ A K 6 5

W
♠ Q J 9 8 7 5 3
♥ K
♦ 6 5
♣ 9 7 4

E
♠ 10 2
♥ A Q J 9 7 6
♦ 8
♣ Q 10 2

S
♠ K 6
♥ 3
♦ A K J 10 9 7 2
♣ –

At game to North-South, East dealt and bid three hearts, South overcalled with four diamonds, North raised to six, and all passed.

West led the heart king, East overtook and returned the knave. South ruffed it with his nine of diamonds, West throwing a spade. There were 11 tricks on top – how could he conjure up the 12th?

There was only one chance – that East held the club queen. If it was doubleton, it would drop under the king; if it was fully guarded, a ruffing squeeze would force East to surrender.

The declarer played off five rounds of diamonds, discarding the two low clubs from the table, to leave a six-card end-position, in which dummy was left with A4 of spades, 108 of hearts and AK of clubs; East had 10 of spades, Q9 of hearts and Q102 of clubs, while South held K6 of spades, the 7 of diamonds and J73 of clubs.

When the king of spades was made, East was not embarrassed, but when the declarer crossed to the ace, East was in trouble. He threw the two of clubs. Now South cashed the ace and king of clubs, dropping the queen, and crossed to hand with a heart ruff to score the club knave.

Of course, if East throws a heart, the declarer ruffs a heart, crosses to dummy with a club to the ace and cashes the king; the established 10 of hearts is the 12th trick.

**EPC Cotter**

# CHESS

CORRECT HANDLING of the chess clock, the standard device for timing moves, might seem a trivial aspect of competitive play. However, even in the current world title match in Seville Karpov and Kasparov appeared to adopt differing standards of time ethics, so it is worth looking at some clock situations which often occur at the board.

Chess moves are timed over a series, normally between 24 and 50 moves in one to 2½ hours, so that a player can allocate his minutes as he wishes between obvious captures or book variations on the one hand and difficult calculations on the other. An arrangement of two clocks controlled by a lever measures the total time taken by each side over the move series. Pressing down your end of the lever, which normally shows on the clock as a button, stops one clock and starts the other. Thus each player's clock is in motion only when it is his turn to move.

In social chess or novice tournaments, many players lack experience with clocks. If such a player forgets to stop his clock after making his move, how far are you justified in sitting back and waiting for him to lose on time? The point is not covered in official rules or codes of conduct.

In match chess, the assumption is that the player is responsible for managing his own clock and also for keeping a correct move-by-move record of play on a special score sheet. All the same, unless the opponent is very experienced, it is tactful and courteous to point out an ommision to press the button the first time it happens. If the player makes a habit of not pressing the button, then a loss on time will be a salutary experience. By the same principle, it is normal to loan your scoresheet to a confused opponent who has missed out a move.

A more professional attitude to a clock lapse is justified and correct in team contests, where a player is responsible to his colleagues whose games operate under the strict letter of chess law. Then, in mutual time pressure with both players in danger of a forfeit, helping the opponent may prejudice one's own survival.

It was therefore a surprise in Seville when Kasparov adopted the habit of not making his first move or starting Karpov's clock until the latter arrived at the board, normally a few minutes late so as to foil some of the waiting photographers.

Then in game seven at move 72, a time control move, when Karpov was unsure how many moves had been made, Kasparov confirmed that he had completed his schedule. In contrast, when Kasparov forgot to stop his own clock in time trouble in game two, Karpov kept silent - later on Spanish television he even regretted having glanced at the clock and so alerting Kasparov! Towards the end of the match, with the scores level, Kasparov abandoned his courtesy wait at the start and set Karpov's clock promptly in motion at move one.

How should an inexperienced player acquire the clock routine of an old hand? Chess clocks can be purchased from specialist dealers at around £15 to £20, and practice games will establish the routine of making a move, pressing the clock button, and writing the notation on the score sheet.

Time limits vary from one tournament or match to the next, so it is essential to find out the precise conditions at the start of play. If there is no written programme and the controller fails to make an announcement, ask if there is a second time control, and when the game will be stopped for adjudication, adjournment, or a fast finish.

The final time control move number should be underlined or circled on the score sheet. Many experts find it helpful to note "subsidiary time limits" as a target for half an hour or an hour's play.

Score sheet errors are a frequent cause of accidental time loss. Make sure you complete the bottom line on the score sheet, and when you are near the control glance at the opponent's sheet to see that the move numbers tally. At advanced levels of tournament chess, a lead on the clock is exploited just like an extra pawn, with blitz tactics, alternate fast and slow play, or staccato piece movements. It can be a hard school, so the improving player should try to perfect his clock technique.

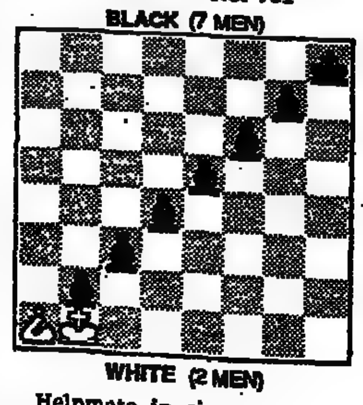
Finally, if you think you are already a clock expert, two questions:

Firstly, you and your opponent both have ten moves to make in a minute. Your opponent reaches out to make his move, knocks over two other men, upsets his coffee over the board, then stops his clock. What should you do?

Secondly, now you both have twenty moves to make in a minute, but this time you have king, bishop and knight against your opponent's king in mid-board. Checkmate can be forced, but it is notoriously difficult. What principle should you follow? Answers with the problem solution.

PROBLEM No. 701

BLACK (7 MEN)



WHITE (2 MEN)

Helpmate in six moves (by G.L.Steele, Chess Life 1987). In helpmates, Black moves first and both sides co-operate so that White checkmates on the final move. Thus six black and six white moves are needed to solve this strange-looking position. There is only a single line of play.

**Leonard Barden**

# Italian wines

## Edmund Penning-Rowsell introduces a special survey reviewing an important tributary to the growing European wine lake

# World leader takes stock

ITALY is a formidably large and prolific wine producing country, with over a million ha under vines and a crop of up to 80 *million hl - a quarter of the* world's output. It is the world leader, except in unusual years such as 1985, when the total quantity fell to under 63 million hl and France produced 70 million hl. About 40 per cent of this comes from the south, a third *from the north and a quarter* from the centre.

Meanwhile, as in France, domestic consumption is declining. At one time it was as much as 120 litres per head per year, but by 1982 this was down to 83.1 and in 1985 to 73.1. In the *same few years French domestic* intake had fallen from 86.1 to 80.1 - even if these totals look almost unimaginably large in comparison with the UK's 10.1.

Although Italy provides a broad tributary to the European Wine Lake, the flood would be *wider but* for the introduction in 1965 of the Denominazione di Origine Controllata controls, based on the French Appellation Controlee system. At that time the vineyard area was 500,000 ha larger than it is now, when extensive spezzialata vineyards *have largely taken the place of* the promiscua ones in which cereals and fruit trees were *mixed together.*

Controls on planting were accompanied by authorised grape varieties only for each DOC, and maximum yields per ha were established - if often too high, while the authorisations in such leading quality regions as *Piedmont and Tuscany* have often proved too restrictive.

The result has been an outcrop of wines nominally only entitled to be called vini di tavola, the *bottom catagory*, although usually superior to or at least more interesting than the neighbouring *DOC wines. Instead of relying* basically on Nebiolo grapes in Piedmont and Sangiovese in Tuscany, French varieties, particularly Cabernet-Sauvignon and *Chardonnay, have been* introduced and blended in; and in some cases French oak casks have been imported, in which to mature these officially considered *near-rogue wines.*

Thanks partly to patriotism and pressure the DOC system *multiplied quickly. In 1967 there* were only 32 of them, producing 1.156 m hl (1.55 per cent of national production). There were 100 by 1971, 200 by 1979 and *now there are 227, seven more* than a year ago. There are also six Denominata di Origine Controllata e Garantita wines that replace their DOCs, and the latest is Albana di Romagna, officially "gazetted" this year only *on November 1.*

Its average production is only *44,000 hl, compared with* 48,000 hl for Barolo, 19,000 hl for Barbarescom, 30,000 hl for Brunello di Montecino and 20,000 for Vino Nobile di Montepulciano. How small these DOCG wines are in output can be shown by comparing them with the 50-60 thou*sand hl of St Estephe, the largest* classed-growth commune in the Medoc. Only Chianti "guaranteed" in 1984 is large, with an average production of about 950,000 hl. The size of all but this DOCG may help to explain the relatively high prices of the others.

Undoubtedly, however, there are too *many different DOCs*, some of them with little significant difference from their neighbours'. About 200 of them are in the north, 60 in the centre and *over* 60 in the south. Of the regions, Piedmont has most with 36; Apulia next with 21 and Tuscany third with 20.

Together the DOC and DOCG wines account for nearly 8 million hl a year and 12 per cent of *the total production. There is* also over-production in some of the DOC districts. Between 1965 and the present decade the average yield rose from 50 to 92 kilograms of grapes per had; or roughly 37 to 60 hl of wine.

*The problem of disposing of* Italy's enormous wine crop has been accentuated in the last two years not only by the drop in consumption (which includes *few wine imports - save champagne)* but by the methanol scandal revealed in March 1985 that killed and injured a substantial number of people.

For a time this affected domestic consumption, but had the *long-term effect of making hitherto* careless drinkers, previously buying largely by price, realise that better, dearer wine was worth it. It is doubtful, however, *whether this lesson has yet got* through to markets abroad. In 1986 viticultural exports dropped *catastrophically from 16.8 m hl* to 10.5 m hl. The biggest drop came from France, which normally takes each year up to 2 m hl to blend in with the thin *wines of the Midi: from 6.4 m hl* to 3.9 m hl. But 1986 was an exceptionally large French vintage. The second biggest fall was to the US, of almost 1 m hl - from 2.66 hl in 1985 to 1.67 m hl in 1986.

For both countries there was *also a large drop in the value of* their imports: by 41 and 25 per cent respectively. Curiously, the UK was the only EEC member to show a rise in imports, if a small one: up from 84,000 hl to 871,000 (a rise of 2.6 per cent), accompanied by a rise of 14.5 per cent in *value. In the first seven months* of this year they are showing a 4 per cent rise in volume, while Italian wine exports are generally showing recovery this year.

Nevertheless it is to be hoped that the Italian authorities have learnt their lesson and will start to restrict production by cutting many official DOC yields. Their chief problem, as in so many other fields, lies in the south, with 40 per cent of the country's vineyard area, as well as the lowest per capita consumption (the highest, surprisingly, is in the *Marches, with 117.8 per head).*

The Italian wine industry is highly politicised. It is not clear, for example, why the white Albana di Romagna, a versatile wine that can be dry or sweet, still or sparkling, should be singled out for being garantita: a good but not outstanding wine.

Yet Italian wines have great variety and *potential*. They are different from their chief rivals in France, often more full-bodied *and some with a good deal of* tannin and acidity to be sloughed off. They come more to meet one in the glass than many French wines.

Whether any are so-called "great" wines is likely to lie on the palate of the drinker. But *they are worth investigating*, particularly the superior types to be found chiefly on the lists of those merchants who have opened their hitherto mostly *French-filled cellars to the finer* vini di tovola that the new generation of young Italian oenologists is making with increasing enthusiasm, dedication and skill.

# Don't knock the south

ASK A northern Italian for a bit *of help in pinpointing a few* interesting wine estates in the south and the chances are he won't understand why you could possibly be interested in anything south of Tuscany. *Ask him* who in the mezzogiorno is producing impressive wine and he *will probably laugh in your face.*

Everyone knows it's too hot down there for fine wine, don't they? And even if it *weren't*, those laid-back southerners couldn't address themselves to the labours of high- quality production. They just churn out vast quantities of rubbish, their existence made even less demanding by generous grants *from Government and the European* Community.

Like all prejudice, that is just wild generalisation from a nugget of truth. Top wines from the south are the exception rather than the rule - just as they were *from the north not so long ago* - but they are getting less rare. As elsewhere, it is much less normal for a specific denomination to enliven the taste buds than the *work of individual producers.*

Certainly the climate is a prob*lem. Excessive summer heat*, lack of rain and the warm winters of the Mediterranean can be just as difficult for the vine as the lack of sun, unpredictable rainfall and frosts of northern Europe. The methods of coping with nature's inadequacies or overabundance are the same: careful selection of planting sites, choice of grape varieties and skilled, knowledgeable winemaking.

If anything, the most innovative areas of the south are the *islands of Sicily and Sardinia* despite, or perhaps because of, their remoteness. Sicily in particular has far more than its fair share of the south's good (and great) *wines. While vinous devel*opment in the east of the island has been hidebound by envy of the wealth surrounding Marsala production in the west and the misguided belief that the more marsala-like the better, the westerners have learned to under*stand the idiosyncracies of their* native sun-seeking grapes. Varieties like Inzolia, Catarratto, Nero d'Avola, Hascalese and so on, practically unheard of outside Sicily, retain their acidity despite the long hot summer and produce clean, characterful wines that don't try to ape more familiar styles.

The best-known wineries of Corvo, Rapitala and Regaleali are *now being joined in the UK by* newcomers Donnafugata and Cellaro, this latter a brand name of surprisingly high quality from a co-operative at Sambuca. Top Sicilian wine makers are now flexing their muscles further and making other, superior, wines *from a careful selection of the* best grapes. Corvo's white Colomba Platino is a good example of the genre, while Regaleali's Rosso del Conte (red) and Nozze d'Oro (white) take Sicily into world class.

*The Sicilian is proud of his* land and his culture, a trait which can push him to incredible lengths to convince the world (or north Italy at least) of the pre-eminence of any facet of the island. This characteristic is never more clear than with *wine-obsessed Marco De Bartoli.* He has taken a Sicilian tradition and perfected it, making the sort of bone dry, long aged, strong but unfortified wine that was Marsala before the British intervened and adapted it to their needs. Called Vecchio Samperi, it is at last being recognised as one of the world's outstanding wines - but *not* without a long and often bitter one-man crusade by De Bartoli.

The diversity of Sicily is completed by two sweet passito wines, made from dried grapes. There's grapy Moscato from the island of Pantelleria to the south west (De Bartoli excels again) and apricot-redolent Malvasia *from Lipari in the Aeolian archi*pelago to the north east (Hauner is most famed).

Sardinia, producing much highly alcoholic wine, has retained a healthy disdain for tastes in mainland Italy. What matters is local opinion and foreign markets. Wines for home consumption stay heavy and powerful, *while those for export* have benefited more than most through 1980s know-how. Early picking, cold fermentation and careful controls against oxidation *haven't created* earth-shattering flavours, just attractive, easy drinking wines at remarkably good, and consistent, prices.

Grape varieties are indigenous and again unfamiliar to northern Europeans. Whites, in decreasing *order of lightness*, are Nuragus, Torbato, Vermentino. Reds are Monica and weightier Cannonau. Two co-operatives dominate this new-look Sardinia - Dolianova produces wines of unbeatable value, while Sella & Mosca aim for stylishness.

The toe, instep and heel of Italy have been slower to realise *their potential. Puglia, the heel,* has a fine crop of legally recognised wine names and a handful of traditional grape varieties, some of them truly venerable. Yet the only producer that has caused ripples is Simonini with his remarkable results using "for*eign" varieties like Pinot Noir.*

It is probably only prejudice against roses that has prevented two other top Puglian wines gaining wider *renown*: Rosa del Golfo from *Giuseppe* Calo and Rivera Rosato. Perhaps it is significant that many northern Italians take their holidays in this region.

*The star of sparsely populated* Basilicata (the instep) is Fratelli d'Angelo's Aglianico di Vulture. That of Calabria (the toe) is the rare sweet Greco di Bianco (Bianco is a village) from Ceratti. These wines focus the promise of Italy's south west: the black Aglianico grape and white Greco, both ancient varieties and capable of greatness.

They are also planted further north in Campania, a region of the Amalfi coast, where there is another top producer, Hastroberardino. His Taurasi (from Aglianico) is often hailed as one of the greats of all Italy. This may be just hearsay, as Taurasi needs many years to reach its, admittedly excellent, peak, by which time most bottles have been *drunk. It can be pretty* unalluring when young. In fact all Hastroberardino's wines are slow developers and, like Taurasi, worth waiting for, particularly white Fiano di Avellino Vignadora.

*Further north is Rome, land of* Frascati and its lookalikes. Just one name shines out from the crowd, Colli di Catone, and its new single vineyard Colle Galo is several notches classier still. Across to the east lie the regions of Abruzzo and Molise. Molise has just one estate, Di Hajo Norante, worth watching. Alessio Di Hajo pursues his commitment to the best and most natural of produce, be it bread or wine, with *the formidable force of total dedication.* His wines are improving unbelievably fast.

Further north, Abruzzo sports two or three star producers. A slightly tampered climate here brings central Italian grape varieties into prominence. White wine comes from the unimpressive Trebbiano and is handled intelligently by just one winemaker: Eduardo Valentino. Val*entino's red Montepulciano d'A*bruzzo is legendary - concentrated, powerful, long-lived and much in demand, with the obvious result on its price.

Montepulciano from Abruzzo can also be *enjoyable, warm,* fruit-laden drinking lower down the price scale and a *plethora of names provide this*: Barone Cornacchia, Illuminati, Colle Secco from Tollo, and many others. Further north again, in the Marche, there are several Verdicchios which have *improved* beyond all recognition recently as well as reds of distinction like Harchetti's *Rosso Conero* and Bucci's Tenuta di Pongelli.

*In fact*, the wine scene in the Marche brings to mind the revolutionary improvements in northern Italy. But then, to any self respecting southerner, the *Marche IS in the north.*

**Maureen Ashley**

## Wines of Sardinia

# An island of delights

MANY OF THE holidaymakers who have visited that entrancing *Italian island of Sardinia* must have sampled a number of the local wines, depending on the area in which they stayed, and came back determined to continue their exploration.

However, it is a difficult task, all the more surprising since the range offered at the big wine chain stores is growing ever wider.

Anyone staying in the north of *the island and around Alghero in* particular is almonds certain to have tried the ubiquitous Aragosta, a white wine with a label indicating how well suited it is *to lobster*, although the cost of such a meal could be a little prohibitive.

It comes from Sella & Mosca, the best-known name in Sardinian wine, and their vineyards of I Piani produce wines of a *remarkable range of colours*, flavours and gradations of sweetness and dryness.

Worth hunting for is the Torbato Secco, of a pale straw colour with *tinges of green. This is* really the ideal wine to accompany lobster - and if you are going to lash out it is better to go the whole way, even if the wine *is more expensive.In Sardinia* it makes a refreshingly cool aperitif.

Unfortunately, although production has expanded rapidly in *the last decade it is not enough* to meet demand, but it is worth remembering for the next trip out there. *Try it* with the wafer-thin bread (the varieties merit a separate appreciation).

*For reds*, it is necessary to try the robust Cannonau, although beware of its alcoholic strength, which can easily surpass that of *the ordinary table wine*. Its minimum alcoholic strength is 13.5 degrees. In colour it is a pleasing ruby red changing to garnet with age, and has to be aged at least a *year* in barrels of oak or chesnut. In its fortified form its strength can range up to 18 per cent.

Others that ought not to be missed are Vernaccia di Oristano - *amber golden-yellow*, warm and with a suggestion of almonds - no Sardinian would be without it for special occasions - and Malvasia di Bosa or di Cagliari, white wines of *distinction* that can vary in taste between bone dry and sweet.

In view of the many specialised travel agencies who *arrange trips to vineyards in* France and Italy it would be surprising if some enterprising agency *had not organised* a tour taking in some of the most glorious countryside in this island, which in size is only surpassed by Sicily in the Mediterranean and has a *history that takes in* Cretans, Phoenicians, Carthaginians, Romans, Byzantines, Pisans, Genoese and Spaniards. If not, I for one hope it will be added to the itinerary.

For those who cannot wait for a *visit, Italian Wine Agencies* of 430 High Road, London NW10 (Tel 01-459 1515) and Eurowines (Southern) Ltd, 93 Bollo Lane, Chiswick, W4 (Tel 01-994 7658) will *supply details of wines* available.

*The former* supply white and red wines from Sella & Mosca (at £41.60 plus VAT per case or £3.55 each) while the latter have wines from the Cantini Sociale *di Dollianova* at prices which range from £22.50 to £23.50 plus VAT per case.

**Arthur Dawson**

# Chimes of history

*THE RAW* beef was cut thin as Brussels lace. A tracery of light and fruity olive oil gleamed on the surface. There were a few flakes of Parmesan, and then *down* came a blizzard of white truffle to top off the carpaccio con tartufi. It was, explained the man at the *inaptly named* Ristorante L'Assassino in Milan, only simple cucina del paese, but it was the closest I wish to come to Paradise on this *earth*.

*But wait*, what to wash it down with, what nectar matched this ambrosia? To be honest I can't remember. *I was a* callow, naive creature then, I expect.

I fell greedily on a bottle of Lambrusco, something I would have blushed to have admitted *to until recently*. I was leafing through the pages of "Italian Cooking" (Penguin) when I was rather startled to find *her* recommending Lambrusco di Sabina as the ideal accompaniment to the full flavoured fungus. I discovered shortly after the *vision at Milan that Lambrusco* was a byword for all that was most meretricious about Italian wine. Nicholas Belfrage even called his admirable book on the subject "Life beyond Lambrusco."

Admittedly Mrs Elizabeth David goes on to acknowledge that there are *differences*: of opinion on the subject, but her observations gave me heart. Whether or not you would tolerate Lambrusco at your table is *neither here nor there. I think* that there is a subtler and more important point at issue here, and one which effects the whole area of what food to eat with Italian wine, or vice versa.

The fact is that the Italians are not snobs about wine. The unkind might argue *that this is* just as well, because they've got nothing to be snobbish about. That would be unfair, as anyone with half a palate and a decent *bottle of Chianti Classico Ris*erva, or Barolo, or Sfursat, or Aglianico del Vulture, would admit. Should you choose to drink it with carpaccio con tartufi or carciofi alla Giudia is immaterial to them.

The names may sound like the chimes of history - Carmignano, Torredelgo, Fiano di Avellino, Vernaccia di San Gemignano - but for the most part we are as familar with them as we are *with the far side of the moon*. It is not surprising that we clutch at the familiar Frascati, Chianti, or, dare I say it, Lambrusco.

Don't be afraid. Drink what you have *never drunk before*. It may be divine. It may be disgusting. But you will never feel embarrassed. *Not for the Italian* the pursed lips, the sigh, the raised eyebrow of the supercilious Frenchman. He will pull the cork, splash the contents into a *glass without more ado.*

The purist may shudder, but a couple of hours and a plate of antepasti, a plate of pasta, a plate of fish or meat, a plate of *cheese and a bowl of fruit later*, you will not care. Your meal and your mood will have blossomed as a result of this benign introduction. Having said that, it would be foolish to deny that some wines go better with some foods than others.

*When we sit down* to a few alici con limone (baked anchovies), a speciality of Calabria, we find *they marry naturally* with the crisp and minerally Greco di Tufo from just *inland of Naples*, rather than with the slightly sweeter *Orvieto* secco from a few hundred miles further north. Pappardelle con la lepre (pappardelle pasta with hare sauce) which hunting Tuscans are so fond of, is half the dish without a *bottle, or several*, of Chianti Classico Riserva, but becomes a different dish when accompanied by a trenchant Barolo, and the fine balance between the Tuscan vin santo and the hard biscotto di Prato suggests that some relationships really are made in heaven.

Even this cursory survey touches on a situation that is at once the glory and the bane of eating and drinking in Italy. It doesn't really *matter whether* you are eating out, or catering for yourself. So great is the *diversity*, and so fierce regional pride, that you are hard put to apply the knowledge won in one place to work in another. With food this doesn't matter too much, as long as you bear in mind that animelle means brains and lumache means snails. The unpleasant *surprises* can be restricted.

Not so with the wine. It can be divine. It can be disgusting. Certainly, if it is produced locally, it will be considered to be *divine* by virtue of that fact. Things are changing. The lure of the megabucks *to be* made overseas is gradually persuading the Italians to adopt more consistent ways, but I hope they will not desert the true qualities of their best wines, because *it so perfectly* matches the qualities of their food - long on flavour, and *rather shorter on sophistication.*

Take the traditional Roman dish of abbachio alla cacciatore, sucking lamb cooked with matured pork fat (strutto), garlic, sage, rosemery and anchovy paste. This is a great dish, warm, pungent, succulent, but no stretch of the imagination is going to make it subtle or sophisticated. *It needs a wine that can* stand up to it, Recioto Amarone della Valpolicella, *perhaps*, one of the vini passiti, or wines made from partially dried grapes to concentrate their flavour and alcohol. Yes, robustness is what eating and drinking in Italy calls for all round.

**Matthew Fort**

# The golden road from Harry's Bar

ONE OF the great pleasures of life is taking a glass of chilled Prosecco on Venice Station and watching the rush-hour pass by. A second is sitting in Harry's Bar, sipping a Bellini, that famed sparkling wine with the vital addition of peach juice, and watching your tab mount up.

Similar pleasures can be experienced in any part of Italy, in the country the Greeks christened the land of wine, and which produces more than a fifth of the world's volume, in bewildering variety from the Alps to Sicily.

The journey starts and ends in Piedmont, at Turin's Caselle airport - even the airport hotel was once a monestary. This is the gateway to Italy's greatest wines, the gutsy red Barolos, Barbarescos, and Gattinaras, the lesser Barberas, Grignolinos and Gavis, and the one which sells most widely to Anglo-Saxons - Asti Spumante.

Piedmont, where the Alps provide the backcloth to the paddy fields of the Po, is justly proud of its premier product.

Your choice will be immense, with some 40 wine zones to choose from, but the centre must be Alba, the compact medieval town between Barbaresco and Barolo, the capital of that most pungent of fungi, the white truffle.

Fifty nine kilometres south of Turin, this town of a hundred towers boasts several good hotels and one restaurant, the Capaninna, that even the French rave about. A trip to the autumn truffle market in the main square will bring you to your knees.

Lombardy, too, can spring a surprise on the more serious wine seeker. Whether you stay in Milan itself, or Vergamo or Mantua or head for the lakes at Como and Garda, you will not be disappointed. North lies Valtellina, almost into Switzerland, reached by road up the eastern side of Lake Como, where the centre is Sondrio - about 85 miles from Milan.

Valtellina wines, to accompany ossobucco, include Sassella, Grumello, Valgella, and Inferno, and are seldom found on English wine merchants' shelves.

Better known by far are those two white standbys, Soave from the Veneto, and Frascati from Latium, together with Tuscany's Chianti.

The Veneto can be best explored from Verona or Venice, or even by staying closer to the major production areas, in any of a dozen resort towns round Lake Garda. It is country which still bears the stamp of Venetian occupation from their struggles with the Dukes of Milan, which together with Soave and the red Bardolinos and Valpolicellas, has other delights.

Stay in Verona and sample the light, white Bianco di Custoza, the pale red Chiaretto Classico, even the odd glass of grappa, in the villages where they are produced. And you should not miss the open air opera in the Roman Arena, known as much for the enthusiasm of its audeiences as the quality of its productions.

Stay at Treviso, another splendid old town and you are a short distance from Conegliano and Valdobbiadene, the home of the greatest of all Venetian wines - Prosecco, bubbly or still, dry or sweet, and with none of the pretensions of its champagne counterparts.

The rolling hills behind Rome, the Colli Albani, are white wine country - Frascati, Marino, and Velletri - but they also produce a reasonable local red, Cesanese, to help wash down the pasta or vegetable fritto misto. They are also where the Romans have come for centuries to escape the heat and dust of the Papal City.

You can visit them by bus, or better still stay in one of the small towns, surrounded by the vineyards which make this small area both important and a very welcome relief from all that is Rome - except in the high summer, when all Rome does likewise.

Frascati itself suffered severe damage during the war, but still has a style which once made it the favourite hill resort of the richer Romans and a considerable number of romantic expatriates from other countries. It is closest to Rome, and makes a good base for the short wine road, not in this case marked, which swings round Lakes Albano and Nemi.

Tuscany, far to the north, long ago staked its claim in history as the centre of the Renaissance.

Florence, Siena, Pisa, Dante, Botticelli, Michelangelo, and Leonardo are all mixed together in a dish almost too rich for the average palate. Fly via Pisa, and you could lose yourself for a week, before you discovered Tuscany's other jewel, the countryside of olive groves, cypresses, and the vineyards of Chianti Classico.

Fly/drive to Pisa and at that point decide whether to head for Florence on Chianti's northern border, or for Siena on its southern. Of the two, Siena is by far the better choice, since it will swing you up through the wine route for a last breath of culture in Florence, before returning your car to the airport.

Of all the Italian wine districts, this is the one which gives the best value, not only in the understanding of a wine of great blending complexity, but also for the towns, villages, and castles you will see on your way.

If you have the time, go south of Siena to Montalcino and Montepulciano, where they produce two of Italy's most unusual wines.


Montalcino is produced for strength, long maturing, and oakiness. The name to look for is Brunello di Montalcino, where the wine lasts for half a century, and you can savour the memory of this hilltop town years after you bought the bottle.

Montepulciano, yet another fortified hilltop town, holds two secrets. You will find it hard to drink their vino nobile until long after it has hit the bottle. As for their Vinsanto, you need a peculiarly sweet tooth to take it, even as a pudding wine.

Add to all this, Panforte di Siena, an orgasm of honey, candied fruit, almonds, and cloves, Siena's own Ricciarelli biscuits, Livorno's salt cod and cacciucco fish stew, and pasta in hare sauce, and you will at least die happy.

The mid-ground between Lombardy and Tuscany, Emilia Romagna, produces Lambrusco and also some of Italy's finest cuisine at Bologna, which lays claim to being Europe's first university city. The Lambrusco may be light, weak, and slightly fizzy, the region is not.

Parma, Modena, Ferrara, Dante's grave at Ravenna, and the tiny republic of San Marino stuck in time at the top of Mount Titano, all stay the distance. The last is awash with tourist hotels and singularly mediocre restaurants, but is a good base.

Parma, on the other hand, gives you 11 listed restaurants against Bologna's 20y.. Whichever you visit, there are three wines which should interest you - Albana, Trebbiano and Sangiovese, local to the region.

Italy, the Milanese tell you, begins north of Rome. The Neapolitans put the break point south of the Holy City. For British Verdicchio and Orvieto drinkers, the Milanese are correct.

These two white wines, and their districts, the Marches, based on Ancona, and Umbria, based on Perugia, mark the end of the North. Umbria is special. There are both Assisi and Perugia, while Orvieto has a cathedral as worthy in its magnificence as the wine. As for the Marches, head for Urbino, birthplace of Raphael, or for Pesaro, which gave us Rossini. And there the north ends.

The south starts in Naples and ends in Palermo. Naples, home of cigarette smugglers, the Camorra, and the strong, straw coloured white wine Lacrima Christi del Vesuvio, is worth walking on your knees to. As with all Vesuvian wines, you think can taste the sulphur.

Sicily is hardly part of Italy at all. On a good day you can see Tunis from its heights. Starting at Palermo, however, and using the guidebook properly, you will find both wines and food which fit this essentially Greek island to a T.

Etna wines are similar to those grown on the lower slopes of Vesuvius, though Etna is a considerably more spectacular volcano. The wines of Marsala in the West of the island have been famous for their fortified stickiness since Nelson, and the best name here Sampert.

Alcamo, Cerasuolo, and Corvo complete the picture when asking for wine to drink with your meal. Sicilian restaurateurs deplore your ordering anything from the mainland.

**Roger Beard**

# Chianti looks up

WHEN, AFTER considerable political pressure, Chianti became the fifth Italian wine to be given the sought-after Denominazione di Origine Controllata Garantita status in 1984, there was considerable scepticism on all sides. For one thing 1984 was a pretty poor vintage, and secondly there was insufficient staff to monitor it.

Nor was it popular among the many growers who did not relish the prospect of additional controls of their production, as well as reduced yield per ha from 80.5 hl to 52.5 hl in the Classico and the Colli Fiorentini and Rufina districts, and from 87.5 hl to 70 hl in the other four Chianti areas, with, in exceptional years, a 20 per cent increase.

The pink paper DOCG seal that has to cover the top of the bottle was regarded in some quarters as a form of taxation, although it only costs a few lire. Nevertheless, there is no doubt that the upgrading has been a success, although Chianti cannot reasonably claim to be on the same quality level as the other DOCG wines: Barolo, Barbaresco, Brunello di Montalcino and Vino Nobile di Montepulciano, although the last named is often not all that "noble."

In the first place the quantity entitled to the appellation Chianti has come down sharply. Before 1984 the yield averaged around 1.3 m hl and in 1983 was 1.4 m. But with DOCG it dropped to 936,000 hl, and has remained about that level, with 972,000 hl in 1986.

Of this, Chianti Classico production, grown on 5,800 ha of vineyards between Florence and Siena (out of a total Chianti area of 70,000 hl) averages no more that 250,000 hl. One reason why the yield has been reduced is that the age at which young vines can produce appellation wines has been increased from the third to the fifth year.

Much more significant is the practical abandonment of a significant compulsory proportion of white Trebbiano toscano and Malvasia di Chianti. Instituted many years ago to mollify a rough, often peasant-like wine, there had to be 10-30 per cent of these wines in the Chianti blend. But with the advance of technology this was long outdated, and much criticised by the leading producers.

Now, under DOC regulations it has been reduced to 2-5 per cent - and this is often ignored. This raises the question of what to do with the Trebbiano, but a not at all bad brand called "slightly trizzante" Galestro has been produced by several private firms and at least one co-operative at Vinci.

This "liberation" from the two, heavy-tasting local white wines has had a stimulating effect on the more enterprising growers, who not only wanted to eliminate the whites but to grow unauthorised grapes, particularly the French Cabernet-Sauvignon and Chardonnay. The move to do this started much earlier when, in 1971, the distinguished house of Antinori introduced a wine from a vineyard called Tignanello. This contained a small proportion, since increased, of Cabernet-Sauvignon. But including unauthorised grapes in the blend meant - and still means - that it is no more than a vino di tavola, a non-appellation wine.

The adoption of other grapes has followed. Antinori has introduced Solaia, made only fromm Cabernet-Sauvignon and Cabernet Franc. The important estate of Isole e Elena has been experimenting with a Syrah wine, while Chardonnay is increasingly widely planted. There is a question whether countries should give up or restrict their national or local grapes in favour of mainly French varieties, but the leading estate of Badia e Coltibuono is producing a wine from Sangioveto, a clone of the Sangiovese, from which Chianti is basically made.

These new superior vini di tavola are not cheap, and look all the more expensive because when Italian wines began to be introduced into this country on a large scale 25 years ago, the emphasis was on two-litre bottles of "party wine" at very low prices. Italy has yet to convince we in the UK that their important wines are as much worth paying high prices for as are the French, which in many cases now cost a good deal more, although often unchallengable in quality.

Tignanello '81 now costs around £13 a bottle, as do wines such as Frescobaldi's Montesodi and Manetti's Fontodi's Flaccianello. Solaia is now on British lists for £20, while Italian wine's most esteemed "discovery," Sassicaia, nurtured privately from Cabernet grapes for many years at Bolghti near Leghorne, runs to £18.

Within the Chianti area a new group has sprung up in the last few years, called Alto Predicato. There are about 80 leading members, headed by the large firm of Ruffino. They do not, however, under that heading make Chianti, but various red and white table wines, produced from various grapes such as Cabernet, Pinot Bianco and Sauvignon. Although subject to no strict official controls, membership of the group entails controls on production and maturing: again fairly expensive wines.

If Chianti and its derivatives dominate the northern part of Tuscany doawn to Siena, to the south of that city lie two of the other DOCG wines: Brunello di Montalcino and Vino Nobile di Montepulciano: the two first Italian wines to be given this status in 1980, 15 years after the DOC appellation system was introduced into Italy in 1965.

Brunello owes its origin - one might say its invention - to the Biondi-Santi family, who in the early 1870s developed a special clone of the Sangiovese grape, which was named Brunello because when mature its colour is brown-tinged like many other old red wines. Made in a traditional way, with no artificial fertilisers, no spraying and very limited yield, it is a wine that requires very long aging. Those few that I have tasted seemed always to have pronounced acidity, but there are suggestions that a bottle should be opened a day or two in advance: a risky proposition for a bottle that is likely to have cost between £50 and £100.

But it was only a little over 20 years that, without Biondi-Santi, a local syndicate of other growers was formed and extended plantings were made. At the beginning only four growers were marketing their own wine, but now there are 52, with a further 50 selling in bulk. The latest to arrive is the American Villa Banfi, which made its money out of Lambrusco, and has huge vineyards south of Montalcino, mostly devoted to Moscadello and other wines. In a blind tasting of 10 young Brunellos last year in Montalcino it came out top.

The problem with the DOCG regulations is that the wine has to be aged in wood for 3½ years, and then another six months in wood; and for the reservas a total of five years. To keep a wine sound in wood for so long is too much for all but the most expert producers. The leading growers say that a good Brunello should not be drunk for 10 years. The delimited area runs to only 850 ha, and the leading estates include Altesino, Argiano, Carpazzo, Castelgiocondo, Col d'Orcia, Maroneto and Poggione.

The wines are less expensive than the "new" Tuscan wines - £8-10 for young wines, but recent DOC of Rosso di Montalcino provides a less expensive substitute. One has to say that for the most part Vino Nobile di Montepulciano is less distinctive, if less costly. There are around 100 growers and they make the wine from a Sangiovese variant named Prugnelo, but it has to stay only two years in cask, and then a year after that in bottle for Riserva and two years for Riserva Speciale. The small delimited area coincides with the southern part of the Chianti Senese district, so the growers can either declare their wine as DOCG Vino Nobile or as DPC Chianti, assuming that they meet the requirements for either.

Vi Santo is a wine not to be missed anywhere in Tuscany. It is made dried grapes matured in sealed casks and can be either very dry, like a fino sherry, or sweet. I prefer the latter as a dessert wine. Umbria is not so rich in wines as Tuscany. Traditionally its leading one has been Orvieto, white and medium-sweet, but like other medium-sweet wines this style fell out of favour, particularly after World War Two, so most of the wines were fermented out to make a Secco.

When it was almost all pasteurised, as it was until a decade or so ago, it was pretty heavy, dull stuff, but now it can be much fresher. The best in my experience is the Secco from the Antinori Castello della Sala, but Bigi also makes a flavoury one too. The best Orvieto is still probably the semi-sweet abboccato.


**Testing wines in the Ruffino Chianti cellars, Tuscany**

Wine is also made round Lake Trasimene, notably by Lamborghini, the carmaker. But the only other serious wines in the region are made by Dr Giorgio Lungarotti at Torgiano, a few miles between Perugia and Assisi. An oenologist who made a fortune in oil, he turned to creating an estate of no less than 260 ha on a low ridge of hills and the plain below. He rents a further 80 ha from a relative

His best wine is the rich, velvety Rubesco Riserva Vigna Monticchio, which he told me last year that he hoped it would become a DOCG wine, but he has been a great experimenter, and in addition to a lesser Rubesco, he also produces a Cabernet-Sauvignon di Maralduolo, and a Sangiovese-Canaiolo San Georgio; also a white Chardonnay and a Trebbiano-Grechetto Torre di Giano. The Chardonnay Riserva is a splendid wine, matured in a proportion of new oak. He also makes a Pinot Grigio that I find less distinctive. He tried, I believe, Gewurztraminer but that did not suit the soil.

He and his family own the charming hotel in the village of Torgiano, called the Tre Vaselli, at which all the Lungarotti wines are served - and nothing else. The Rubescos can be found in merchants' lists here, the other wines more rarely.

**Edmund Penning-Rowsell**

OUR IMAGE of Italy has altered dramatically in the last quarter of a century. Once viewed as a strike ridden state constantly in the throes of a government crisis, the miracle of Il Sorpasso has presented us with a modern, vibrant country. It is a transformation that has been engineered largely in the northern cities of Milan and Turin, wrought by a combination of energy and creativity fused onto a strong sense of tradition.

# Cocks o' the north

The north can make a similar claim in the field of wine. Twenty-five years ago, the thought that a wine merchant could ever treat Italy as something more than a producer of large quantities of plonk would have been treated with the same reserve as the view that she could ever be a European economic power. Today, however, most merchants regard Italy, one of the world's most venerable wine-producing countries, as an exciting new source of wines of quality, diversity and individuality, all of which are strongly in evidence in the north.

Take Piemonte, for instance. Bordering the Alps to the north and France to the west, it has been a prominent force in Italian life, being home to Cavour, the Italian Royal Family and, of course, Turin, Italy's first capital. From this stems a strong sense of self-assurance, a Piemontese trait that extends to wine. Its 37 DOGs (Denominazione di Origine Gontrollata, the Italian equivalent of the French Appellation Controllee) and two DOCGs (a stricter form of control, where the "G" stands for Garantita) are the most of any region, and point to a remarkable diversity.

Somewhat surprisingly, given its geographical location, it has been more successful than many other regions in resisting the French vinous invasion. One look at its golden triangle, centred on the Langhe and Monferrato hills south-east of Turin, shows why.

The carefully contoured Langhe, carpeted with Nebbiolo, Barbera, Dolcetto and Moscato grapes, are split, in Burgundian fashion, into a series of smallholdings. The Nebbiolo, though it only accounts for 11 per cent of the area under vine, is the most important grape in terms of quality. It is the only variety used for Barolo and Barbaresco, giving to them the acidity and tannin (and hence, the longevity) for which they are renowned.

But while the wines age slowly, things are changing quickly in Barolo. Traditionally aged in large oak casks for anything up to 10 years, it is now spending less time in wood as some producers search for a fresher, cleaner style of Barolo that is less prone to oxidation. This modernist style is best exemplified by the wines of Roberto Voerzio and Domenico Clerico, both of whom aim, by a shorter, more carefully controlled fermentation, to reduce the levels of tannin and emphasise the complex fruit character of the Nebbiolo.

These young Turks have been in the ascendancy for several years, but the traditionalists are fighting back. They have added to their armoury some of the modernists' weapons, like lower fermentation temperatures, and have found that these, allied with lower yields in the vineyards, give wines that are better able to withstand the long cask ageing that they maintain Barolo requires. This ageing can range from three to six years, but if the wine is carefully tended during this time, it should have only beneficial effects.

These changes mean that we are seeing a golden age for Barolo and Barbaresco at the moment. Their hard tannicnature in youth has made them unfashionable in Italy and England, but the extraordinary range of flavours they develop with age are greatly appreciated in Switzerland, Germany and the United States. Wines of this quality can never be cheap, but from the best producers, people like Mascarello (Giuseppe and Bartolo), Vietti, Aldo and Giacomo Gonterno, Gaja, Bruno Giacosa and Paolo Scavino, and in vintages like 1985, '82 and '78, they can stand with the best growths of Burgundy.

While Nebbiolo reigns supreme in Piemonte in terms of quality, the more plebeian varieties, Dolcetto and Barbera, account for a much larger share of the total quantity. Some of it can be of poor quality, but the Dolcetto from top producers like Chionetti, Sandrone and Brovia has a soft and seamless damsony fruit that makes it ideal with pasta and casseroles, and an excellent introduction to those who remain wary of Italian wines.

Barbera comes in a variety of styles, from the richly plummy to the rustic and farmyardy. It flourishes in most sites in the Langhe, but it seems to be treated with greater respect in the Monferrato hills of Asti, where specialists like Giacomo Bologna and Vincenzo Ronco produce excellent examples. Asti is better known, however, for its Moscato grapes. Both the slightly frizzante Moscato d'Asti, freshly peachy on the nose and vibrantly perfumed on the palate when from producers like Ascheri and Duca d'Asti, and the fully fledged sparkler Asti Spumante, much maligned but a great refresher (look for Fontanafredda or Tesco's excellent own label version) are great treats.

Other than the charm of the Moscato grape, Piemonte offers little in the way of great white wines, though Favorita and Arneis are seldom seen grapes that are worth searching out.

In the 1960s, Italy's white wines tended to be dull andoxidised, more akin to poor Fino Sherry than to the light winesthe world was coming to expect. In Friuli-Venezia Giulia, Italy's north-easternmost region, a new generation of winemakers, more travelled than their parents, spotted this trend and started, with a mixture of northern precision and Italian flair, to produce wines that were dry, fresh, and varietal.

Today, producers like Schiopetto, Jermann, Volpe Pasini andFelluga aim to express in their wines the full character and nuances of the grape. Fresh and aromatic examples of the Tocai (a native grape unrelated to the Hungarian or Alsatian versions), Riesling Renano, Sauvignon and Pinot Grigio vie with the international superstar Chardonnay for popularity, a popularity enhanced by their ever increasing levels of quality.

The north-east's other major region, the Veneto, home to Soave and Valpolicella, used to appear to have a monopoly on cheap and characterless wines. Now, though, some Soave producers have benefitted from clandestine trips to Friuli, where they have learned the secrets of planting on hills and obtaining lower yields from their vines. People like Anselmi, Pieropan and Gini are now producing wines that put one more in mind of a non-oaked Chardonnay than your usual Soave.

A similar situation exists in Valpolicella. Normally thought of as rather insipid, more rose than red, the lighter style, cherryish with a bitter twist on the finish, can outclass many a Beaujolais. But the great wines of this zone are the Recioto, made from carefully selected grapes that are dried for several months before being crushed.

The resulting wines are divided into the dry Amarone, powerful (up to 16o) and bittersweet, and the Amabile, their sweet and luscious fruit cut by an attractive bitterness on the finish. The wines of Quintarelli, Tedeschi, Masi, Allegrini and Serego Alighieri are as far removed from the accepted image of Valpolicella as today's Italy is from the one that existed just after the war.

The north of Italy, then, has fuelled a revolution in terms of quality wine, but not everyone has been swept along. There are still many producers whose wine is poor, so the name on the label is of paramount importance. Certain UK merchants are leading the way in recognising this, as fine Italian wines can be found on the lists of, among others, Adnams of Southwold, Millevini of Stockport, Windrush of Cirencester and Valvonna & Crolla of Edinburgh. They, at least, realise that Il Sorpasso may be rather tenuous as regards the economy, but it is here to stay when it comes to the wines of northern Italy.

**David Gleave**

John Brennan thinks 1988 may see London's riverside development besieged by critics

# In the Docklands bunker

THE APPOINTMENT of Major-General Jeremy Rougier as chief executive-designate of the London Docklands Development Corporation will give the corporation an appropriately military bearing for the New Year. Appropriate because, in open-market housing terms, 1988 is shaping up to be the year in which Docklands will be besieged by its critics and potentially undermined by some of its unduly enthusiastic fans.

From their West End bunkers, the heavy artillery of the major central London agencies has been lobbing shots across the Tower Hamlets trenches for years. "Too many too expensive homes too fast" would summarise the West Enders' thesis, one that has been significantly diluted in recent months as so many of these previous sceptical firms have opened offices in Docklands.

West Enders have switched the attack from a blanket bombardment – "who in their right minds would want to live in E1, E14, E16 et al?" – because of the risk of hitting their own forward positions. Now they are pinpoint shelling the weakest links in the Docklands residential market, the residential site traders and, on those flats developments where forward sales long before completion have added substantially to London's residential "futures market."

But is there any future in "futures" now that the equity market has fallen out of bed and the days of Porsches and roses seem numbered? There is a remarkable degree of unanimity among the West Enders (or at least among those without forward-sale instructions on, or recently off, their books) who answer that with a grim, but entirely subjective, "no."

Most are concerned that, on schemes where forward sales have been achieved at prices which already discount historical rates of price growth through to their completion dates, there will be insufficient actual increase in prices to justify the holders of contracts-to-purchase paying out the balance of the purchase price when the completion date arrives.

No-one can forecast whether the holders of many futures contracts will, in the event, walk away from their contracts and leave an embarrassing heap of unsold flats on the Docklands' market next year. But agents who do see that as a strong possibility are openly expressing concern that an evident sales failure such as that in the pressure-cooker atmosphere of the Docklands market could crack confidence in the rest of the London market.

The two critical elements missing in this argument are a crystal ball, and a clear idea of the true scale of the potential problem. The former is beyond present resources, but the latter is possible, and, with the assistance of Hampton & Sons' researchers, Weekend FT has collated the data needed to put the residential "futures market" into perspective.

The results show that West End agents concerned about the risk of futures defaults in the Docklands may have to look closer to home, because at least 35 per cent of all the existing and currently uncompleted futures sales in the London residential market are in west-central locations.

A total of 1,465 properties were pre-sold in the central London and prime Docklands market in the past year. "Prime" in Docklands terms excludes the as yet largely undeveloped Royal Docks, the lower-cost housing to the east of the Royals and properties in the Surrey Docks.

Of those 1,465,949 were in Wapping, Limehouse and on the Isle of Dogs, and some 516 were in west-central London. In calculating the number of pre-sale properties due to come on to the London market in 1988 Hampton's researchers did, as Linda Beaney says "find a terrible lot of secrecy among developers and their agents." Nevertheless, identified forward plans suggest that "in excess of" 1,200 Docklands flats and 696 west-central London properties have been earmarked for pre-sale next year.

These figures give the first clear picture of the size of the residential "futures market" in London. It involves a total of 3,298 properties (all but an insignificant number of which are flats) that have been, or are due to be, sold up to two years in advance of completion.

**Secrecy surrounds the figures giving the size of London's housing 'futures' market**

The secrecy surrounding this figure is understandable. In an uncertain market, developers are highly sensitive to the suggestion that their own pre-selling schemes will add to an overhanging of properties that could be released on the market by speculative buyers at any time their confidence in the continued rise in London property values is shaken.

Hamptons' research suggests that about 60 per cent of the pre-sales in Docklands, and probably a similar, if slightly smaller, percentage of west-central pre-sales, have been to speculative investors who bought intending to resell before completion. However, as Linda Beaney says, "maintaining secrecy about the figures in an attempt to shore up the market is irresponsible. If developers and their agents do not put their heads in the sand and instead recognise the scope of the problem, then it will be possible to take avoiding action."

Developers with the cash flow strength to defer advanced sales in the next few months would be able to control the supply of new pre-sales coming onto an already nervous market. Those who ignore the shaky writing on the wall, or who have built their development costings around the assumption that their existing pre-sold properties represent assured future income and that it is safe to repeat the exercise on a new scheme, could, as Linda Beaney warns, "find that they have undermined their own market and have their cash flow knocked sideways."

The broader question about the stability of these futures sales is whether, if the estimated 60 per cent of contract holders who have not bought for their own use decide to cut their losses and walk away from their deals, the sudden arrival of this number of mainly middle-to-higher-priced flats in London would be sufficient to capsize the market as a whole.

How many speculative investors will want to drop out of the market is another task for the stubbornly opaque crystal ball. Assuming the worst scenario - the improbable one of all the estimated 60 per cent of would-be traders among those buyers falling out of the market at the same time - that would push back roughly 880 existing contracts-to-buy into the hands of the developers and put a stop to most of the 2,146 future-sales planned for next year.

That kind of panic in the "futures market" would generate plenty of scare headlines. But now the number of properties involved has been pinned down it is possible to put this Armageddon thesis into perspective.

All those flats together would only represent, at the very most, a month or so worth of an average annual sales turnover of middle and upper-market London properties. In any normally bouyant market that kind of addition to the stock for sale would be absorbed without too much difficulty. In the currently thin market there is still no reason to assume that the potential overhang of residential futures investments is, of itself, sufficient to destabilise the wider market for prime residential property in Central London.

The figures do, however, underline the dangers inherent in any short-term approach to property investment. If most futures investors were not generally supposed to be after a quick turn on their money, no-one would be unduly concerned about the risks for residential developers - and for the flats market a whole - of speculators walking away from their contracts to purchase.

**'Too many amateur investors are drawn into a market more suited to professionals'**

This speculator phobia is by no means unfounded. There is evidence that the London residential market has attracted an undue amount of "hot money" in the experience of the residential funds. After some years of active buying of prime London properties to hold for investment, the residential funds no longer have a hearty appetite for property, in fact quite the reverse.

Tim Walker, who set up the first of these funds, the Henderson Prime Residential Fund, six years ago, confirms that he has been a net seller of property for some months. On January 1 this year the value of Henderson's fund stood at a record £96m. On Friday November 27, Tim Walker had to apply the Fund's deferment provision, which applies a maximum of twelve months delay on the payment of fundholders wanting to redeem their stock. By that date, Walker reveals that the residential fund had shrunk by £39m to £57m. Henderson put up the shutters on immediate redemptions because, as Walker explains, "we were very anxious that we did not become forced sellers."

Property sales before the stock market slide were keeping pace with redemptions. After the initial shares crash, Walker says: "We had hoped that as investors looked at the comparative stability of property values it would lead to a stop in the redemptions. It didn't. If anything there were more redemptions as people were cashing-in the asset which had lost less value."

Just as fashion may prove fickle in the residential "futures market," so with the funds. The curse of what Walker calls "short-termism" has drawn too many amateur investors into a market more suited to the hopefully less excitable professionals.

The effect of fashion on the market is illustrated by the pattern of growth in Henderson's fund. It took five years, to January 1 1986, for the fund to reach £37m. It took only 12 more months to add £60m to that total and, as Walker dolefully points out, "it is very difficult to invest long term when, as managers, we have had to cope with £60m in during 1986, and £40m out in 1987."

The Henderson fund has stamped "long term investment" across every piece of its literature and every one of its pronouncements since Tim Walker set up shop, and in the early years there was no reason to doubt that the message had got across. But, as Walker says now, "what no-one anticipated is the amount of short-termism that would come into the market. For people looking for fast profits, 12 months is a long time, but 12 months is a very short time in the property market."

Those who bought into the Henderson fund at the outset have seen a 67 per cent return net of tax over the past six years. But recent buyers looking for instant profits have been disappointed. "That is not the attitude of people investing directly in property," says Walker. "They don't whip out at the first sign of trouble. They stay with it.

"Now what we hope for is to be left alone for a time to sell at a sensible pace, build up liquidity, and move to take off the deferment provision in three or four months."

The deferred payment move to avoid forced sales in the dull winter months relieves Henderson's immediate problems. But the short-term approach to residential investment that led to its current sales programme is a straw in a wind that blows far wider than Docklands.

**BRENCHLEY MANOR** - formerly *The Parsonage* and before that The Old Rectory - near Paddock Wood, Kent, has been the local "big house" since the late 15th century, when it belonged to the Priory of Tonbridge. It formed part of Cardinal Wolsey's endowment to Cardinal (later Christ Church) College, Oxford, passed into the private estates of King Henry VIII and later became home to the Courthope family. Now, priced at £1.25m, the five bedroom, Grade II manor with separate staff cottage, set in eight acres of gardens and paddocks, is for sale through Hampton & Sons' Mayfield office (0435-872294).

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Philip Coggan visits Malaysia, where even the blowpipes are modern

# Better without Coke

THE CHIEF of the village was 92 and had five wives. But he still had enough breath left to be pretty lethal with a blowpipe from 60 feet, while the Europeans in the party, overconscious perhaps of their need to protect the reputation of Eric Bristow, fired wildly over and under the target.

By Lake Cinni, it was just possible, as you walked among the chicken and the cattle droppings by the huts of the orang asli, Malaysia's native people, to imagine man's ancient past.

Alas, a closer glance revealed one of the natives, not pursuing some centuries-old craft, but fumbling to open his packet of Marlboro. And examination of the blowpipe showed that it was no longer fashioned solely from jungle wood but had a steel core and a bamboo shell for extra flexibility and strength. Perhaps, someone helpfully commented, they should try fibreglass.

It would seem that the mysteries of the East are no match for the marketing of the West. Pangkor, a small island off the west coast of Malaysia, is a 16-hour flight, a four-hour drive and a 35-minute ferry ride from London.

But wander into the local bar in the shanty fishing village a few miles from the hotel complex and the familiar Gods of western civilisation gaze down at you from the walls – Coca-Cola, Guinness, Marlborough, Carlsberg.

Nor has Malaysian food escaped the wooden spoon of Western catering, as a glance at the local restaurants quickly showed. Man was born free but everywhere eats in chains such as Kentucky Fried Chicken.

The Malay culture is an odd mixture with the Anglo-American junk layer sitting uneasily on top of a mixture of the Bumiputra - literally "sons of the soil" - Chinese and Indian. The three races have co-existed pretty successfully since independence but the Indian and Chinese I spoke to were worried that the rise of Moslem fundamentalism might disturb the delicate balance. Recent political problems have indicated that trouble is not far beneath the surface.

Certainly, it would not take the Ayatollah Khomeini to object to one advertisement I saw which portrayed a pretty young Malysian girl crammed into a cocktail dress and holding in her hands, incongruously, a pint of Guinness. But there were no visible signs of any restrictions on the drinking of alcohol, even though we were visiting during Ramadan.

We did hear a story about a boy being prosecuted for drinking beer in the street, but since that can happen in the US as well, one can hardly regard it as symptomatic of Eastern eccentricity.

Understandably, the Malaysians are determined to repel some of our worst excesses. "Welcome to Malaysia," said the captain of the Malaysia Airlines jet as we touched down. "May we remind you that the penalty for illegal drug trafficking is death." As we were visiting Malaysia shortly after a Briton was hanged for the offence, it made for a rather nervous wait for the suitcase.

Nevertheless, if you leave the heroin at home and close your eyes to the advertising hoardings, there is plenty to enjoy in Malaysia. The combination of heat and humidity means that everywhere is covered in vegetation. Sit still for too long, you feel, and shrubs will sprout from your armpits.

The animal life is reputedly just as abundant as the vegetation but is less easy to spot. On the west coast, turtles haul themselves up the beaches to lay their eggs in the sand but our night of turtle-watching proved too early in the season to be successful. Nor did our trip to Lake Cinni yield a glimpse of monkeys swinging athletically through the trees or cobras coiled round branches, although a hawk did gaze at us imperiously before deciding that it was too early for lunch.

However, on a separate jungle trek I did see a snake which slithered away past my foot. I started to slither soon afterwards as the uphill walk through vegetation caused an unpleasant mixture of sweat and suntan cream to trickle down my body. "In the Malay straits, they have hats like plates, which the Britishers won't wear," I hummed, in an attempt to affect Cowardly insouciance rather than the stagger of a mad dog.


For those who stay out of the jungle and instead seek sun, sea and sand, Malaysia can easily match Europe's tourist resorts - after all, it is where they filmed South Pacific (or part of it). The water, for one used to bathing in the North Sea, was incredibly warm, and it was refreshing to be able to see the ocean bottom rather than the usual combination of lollipop sticks and cigarette packets.

A by-product of Westernisation is that those seeking life's luxuries will not be disappointed. All the hotels we stayed at were excellent, whether it was the Pan Pacific in Kuala Lumpur, with an entrance hall you could play polo in, its sister in Pangkor, with Amazon-style swimming pool and first-class French restaurant, or the Hyatt Kuantan, complete with a Vietnamese boat people's craft converted, in rather dubious taste, into a cocktail bar.

For years overshadowed in the tourist stakes by the more glamorous nightlife of Singapore, Malaysia is now making a conscious effort to increase its attraction to visitors. But just for a moment, on the drive to Pangkor, we saw in the distance the Cameron Highlands, like the mountains of Mordor in Lord of the Rings. That glimpse seemed to offer a sight of a Malaysia far removed from the fast food restaurants and dingy bars. Let us hope it does not get buried by Coke cans and wrapping paper.

**●I visited Malaysia with Silk Cut Travel, which offers two weeks half board in the Pan Pacific hotel, Pangkor, from £869 per person including flights. The first night is spent at the Pan Pacific's sister hotel in Kuala Lumpur. Silk Cut Travel, Meon House, Petersfield, Hampshire GU32 3JN. Telephone 0730-65211.**

# DD and daiquiri

**Gordon Cramb charts a course on Canberra and finds that he is a lone cowboy on the ship's Western night**

SOUTHAMPTON harbour, boarding by six. Time for a brief grimace at the fusty cabin decor before staking claim to a porthole seat in the bar. And there it is – should I have known – the fourth letter of the alphabet, in orange-and-yellow duplicate, beaming its translucent plastic greeting from atop the counter. We may be setting sail for the Azores, Madeira and Tenerife, but for the next week, whatever we do, we'll be in Double Diamond Country.

The brown fizzy stuff is in demand, too, as the Crow's Nest observation lounge fills up. Andrew, the pianist, begins camping his way through a Broadway show tune medley, but if the audience knows the numbers it's probably from Saturday night ITV. They are not only awesomely old, but dauntingly British.

The surrounding chatter turns from weather forecast to what has changed since the Canberra's refit last year. We are first-timers but many of our fellow passengers have clearly done it all before. They notice extra plush and deep-pile, whereas we see first the vestigial blue lino of its corridors. We sit in wan expectation of a seven-day whist drive – the boldest of their number is already making her first move. "Hello dear, isn't it nice to have so many young people on board?"

A hesitant assent is muttered, but at 29 the classification is welcome. The vessel herself is 26, and Canberra's owner, P&O, just having clocked up its own venerable 150th year, is indeed attempting to manoeuvre her gently towards a more youthful catchment area. For the moment it means filling up the Canberra's 808 cabins with as many as 100 travel agents.

Steaming south next morning, as these centurions of high street sweet-talk succeed in commandeering all the best poolside suntraps, it is tempting to invoke the Johnsonian sentiment that "a ship is worse than a jail. There is, in jail, better air, better company, better conveniency of every kind..." For starters, neither Benidorm nor Bognor (nor perhaps Broadmoor) has the inbuilt 20 miles-an-hour breeze of a liner at full steam.

To lunch, and to a turning point. Groans about how dislocated we feel become giggles and gasps on sighting an elaborate and immaculately preserved fifties frock, or a gentleman-at-sea outfit in which the pallid provincial gentleman wearing it looks exactly that.

P&O likes to describe the Canberra as "top of the middle market." Certainly my fashion business fellow-traveller failed to spot a single designer garment during the length of the cruise, but by the halfway stage our sense of shipboard frivolity was well established and only marginally dented by being, as it turned out, the only two cowboys to appear at Western Night.

Amusement and adventure lay partly in what we found ashore, including intricate cobblestone patterns on the Azorean streets – a monochrome foil for the startlingly affluent terraces in deep green and pink. The small and snoozy towns could never be large-scale tourist destinations except for ocean-borne day-trippers like ourselves; and for that the islanders acknowledge it as *their* day too – accepting our escudos, certainly, but with an un-Costa-like courtesy.

Stumbling into the light from a church stuffed with Brazilian hardwood icons (the islands remain an important staging post in Iberian trade with South America), a glance round the harbour of Horta failed to locate the Canberra. Too big to berth here, she had been moored in the bay with shoregoers brought in by lighter. Not only was the ship now gone, but there was no sign of the passengers who had disembarked with us.

Heading anxiously for the quayside, the mystery was solved by the appearance of an assistant purser at the head of a fleet of buses. Again the odd ones out, it transpired that we alone had elected to explore independently; the rest were returning from half-day coach tours. Canberra herself was seeking refuge from a squall by heading for deeper waters and, until we could rejoin our vessel, bread rolls, cold meats and *vinho branco* were this way please.

When we were able to make the crossing later that increasingly stormy afternoon, the last boat out of Horta tipped and pitched us to a bumpy reunion with the Great White Whale, her gleaming flank as reassuringly solid in the surrounding scramble as it must have been to the task force troops who gave the Canberra that nickname during her Falklands foray.

"It's not often we have to leave 250 people on the quayside," was Captain Ian Gibb's later assurance. The tale is still recounted of twice that number having to be abandoned at Cannes in the 1960s. All were reunited with their cruise, although it meant flying them to Barcelona.

Dependability remains, in the solid quality of the meals and the punctuality of their arrival; in the absence of touts and other seaside intrusions, and in the safe jollity of the onboard entertainments. Nothing is obligatory, everything is free.

Whist drives were not the order of every day, but the genre was well explored by communal endeavours such as jackpot bingo each afternoon and syndicate quizzes for the after-dinner masterminds.

Prospective cruisers should note that these are taken Very Seriously Indeed. Numbers called at the 4pm house are greeted by all the ritual Butlins accompaniments, and woe betide anyone failing to accord "those lovely legs 11" their requisite wolf whistle. Quiz time carries a bottle of champagne for the winning table and is thus the scene of ruthless eavesdropping

The bars (there are nine of them) which shovel out the Double Diamond can also, it should be recorded, do a decent daiquiri, and by 2am the disco shows not too much evidence of having to double as a children's day area. Canberra may be showing her age, but she is doing so in a way which manages to combine suburban decorum with just a breath of daring.

**●Two-week Mediterranean cruises start from around £750 per person, four to an inside cabin. Allow at least £150 more for a two-berth. Canberra Cruises, 77 New Oxford Street, London WC1A 1PP (01-831 1331).**

Duncan Donald, curator of Chelsea Physic Garden with cedar of Lebanon

# A black chapter ends

**Robin Lane Fox encourages gardeners to look beyond last month's storms**

WE HAVE all had quite enough of storms lately, but I have been looking for something positive to say about their aftermath. After reading some readers' letters, I have nearly dropped the subject. I think especially of readers in the 60 to 80 year- old group, some of whom have written in total despair from gardens in the south east, remarking poignantly that they will never live to see their surroundings as they always knew them.

"It is simply not worth starting again," writes a 73-year-old reader from Sussex, "as I will be dead before I can establish the many types of oak which I used to grow. My trees have joined my wartime friends: memories, but no longer companions."

Have there been any signs of a rally in less harrowed corners of the battlefield? One place to look is in public gardens with a long history and an assured future, because they will have to treat the hurricane as one black chapter in their continuing life. Perhaps, as the exiled Aeneas told his Trojan companions, these things, too, will one day be a pleasure to remember. Few public gardens have a longer history than the Chelsea Physic Garden in London: the storm hit its tree-line head on, but its director, Duncan Donald, is young enough to look forward with a touch of Trojan wisdom.

Until last month, the 1980s had been exciting years for this privately-funded oasis, wedged between the traffic jams of the Embankment and Royal Hospital Road. An appeal for more than £1m was due to close this month; excellent new greenhouses were one happy consequence. The garden's rather sheltered past had been opened to an appreciative public. For only £16 a year, a couple in the London area can become Friends of the garden and visit it from Monday to Friday between 8 am and 4 pm: as the new greenhouses make their mark, they will find ever more good plants for sale at the garden gate.

In one night, the wind opened quite a different vista. It uprooted the superb old holm oak which had always marked the garden's corner, possibly since the early 18th century. It blew over a fine mulberry and a famous Gleditschia. It ravaged half of the best Golden Rain Tree in London and played havoc with the laburnums, robinias and much else, including a Nothofagus which had been planted with some pride for the garden's tercentenary in 1973.

A storm throws up odd consequences in such an enclosed and heavily-planted site. Fortunately, the new greenhouses survived and the wind took the least awful course through the trees' top growth. One sufferer may be the garden's extraordinary microclimate. Its symbol has been the olive tree, which is the oldest outdoors in Britain and backs onto a wall just behind the Embankment. The tree has survived the wind, just as it survived nine degrees of frost last winter, but the loss of the tall canopy of its neighbours may well deprive it of shelter and change the garden's mild temperature. In a garden, too, a crash has consequences which spread to innocent bystanders.

A crash also upsets the value of what it topples. In central London, the garden was very well placed to sell off bits of its rare debris, but when Duncan Donald, the director, rang fine timber dealers, they appeared to be giving out a recorded message from the Stock Exchange. They could only quote rough precedents (they said) for the stock he was trying to sell, and they must advise him that the crash was causing a glut and that the fallen assets were now much less saleable. Had he been a bigger customer, he could have done a better deal, but as the owner of a few ruined holdings, they would not like to quote a price.

Instead, publicity has done the trick. Parts of the mulberry have already been reserved for furniture-making; a lute-maker has taken some bits of laburnum; the forgotten ranks of lace-bobbin makers have rallied and taken up anything solid which is not too valuable, but which is apparently what they want for their activities. Duncan Donald has learned to look at garden trees with new X-ray eyes. Apparently plane trees are easily turned into humdrum bread boards and plate-racks; the Tree of Heaven - which crashed all over the place, proving that things which go up fastest come down even more quickly - can be turned into useful standard timber. The Physic Garden still has some hunks of its antique Holm Oak which could be taken on request during weekdays: the director speaks warmly of a fallen Phellodendron which has a softish wood, but a lovely yellow tone.

His experiences should give us all cause to think further. Perhaps you have a laburnum avenue, but when you prune it you ought to look for a beautiful grain inside any mature branches. When you cut them, they are just the thing for makers of lutes, flutes and wind-instruments.

The Physic Garden is listing takers of its dead wood in a book and encourages them to record its uses: recently, it acquired a box from an Australian visitor, made out of earlier debris from the garden's history. It even looks, from the fallen tree-trunks, as if the storm had a severe predecessor in London. The Holm oak now appears to have been cut down to ground level once before and to have sprouted again after a harsh natural pruning. This time, it has no second life, but its loss will open up a marvellous site for intelligent replanting. Already, there are plans for a display of the Californian plants which some of the garden's earlier patrons helped to bring to Europe.

Where, finally, can we now buy a living tree at an economical price? Some of the London appeal funds are quoting £5,000 for the planting and maintenance of one "mature" tree: Duncan Donald did remind me that true garden-accounting is often alarming, because it has to allow for hundreds of man-hours in aftercare at future prices. No doubt even more will be brought in from Holland to plug the gaps in garden-centres, but the director did give me his own top tip for value. At Penlyne Nursery, Cott Road, Lostwithiel, Cornwall, you can take away any tree of your choosing, dug out at rock-bottom prices. The Duchy of Cornwall supports the enterprise and, although there is no delivery service, it would be worth the transport costs, not merely in order to sell on the stock to some of the London councils before they, too, are pruned back by the arrival of the poll-tax.

Stuart Marshall on the art of coarse driving

# Far-from-easy riders

FOR MOST owners, having a high slung 4x4 is the motoring equivalent of being all dressed up with nowhere to go.

They have become very popular among those who like to affect a rural lifestyle even though they live far from its realities. How many owners I wonder, are remotely aware what their 4x4 can do in the conditions it was designed for?

Very few indeed, I suspect. One of the problems of having a 4x4 that will go almost anywhere is that it is difficult to find a place in which to try it out.

Common land, quite rightly, is forbidden territory. So are public bridleways and, of course, privately-owned farmland or woodland.

One can, with certain reservations, drive a 4x4 along green lanes, the old drove roads used for moving herds of cattle across the country before the railways came. But they tend to be in remote areas and are used by local farmers, walkers and riders. They do not always welcome intrusion by the 4x4 driver (or those horrible noisy trial type motor cycles) and who can blame them?

For me, it is a familiar problem, though I know a couple of farmers well enough to ask if I can come and play with a 4x4 in their fields. Usually the answer is yes, though much depends on the weather. If their land is waterlogged, the last thing they want is to have it deeply rutted by a 4x4.

Nor do they want to be dragged away from their work or their fireside to rescue me with a tractor when I have got my vehicle well and truly bogged down. Yes, it happens. One cannot explore the capabilities of an off road vehicle without taking a chance on getting stuck.

But recently, I have twice been able to plunge in and out of very sticky places in 4x4s without risk of offending the law, straining a friendship or having to walk miles for help.

The first occasion, at Brocket Hall, Hertfordshire, was an official off-road test day arranged by the makers and importers of four drives. They were all there except for Daihatsu, whose latest Fourtrak models were not quite ready. So I tried them the other day near East Grinstead, Sussex, in conditions that made most of the muddy gradients of Brocket Hall seem quite easy.

**The latest Daihatsu Fourtrak Estate EL. It looks smart, has a silky 90 horse-power, 2.8 litre turbo-diesel and a car-like interior. Despite old-fashioned leaf springs, it rides quite comfortably on the road and is agile and long suffering on the rough stuff.**

The technique of driving a 4x4 across rough terrain has little to do with normal motoring. Tyre grip is precious and has to be husbanded by using the right gear and enough, but not too much power. Shoving a 4x4 into low range, all wheel drive, and clamping a heavy foot on the accelerator is a good way of coming to a wheel spinning standstill.

Wet grass or mud is rather like snow or ice to drive on. If the vehicle is slithering about and does not respond to the steering, it is no good winding on a lot more lock and hoping for the best. Much better to ease back on the accelerator and stop the wheels spinning. Then some of the tyre grip can be used for changing direction.

Another basic off-roading rule is never, under any circumstances, to use the brakes when going down steep, slippery hills. If you do, the wheels will lock and you will slide out of control.

There is much more besides. In many ways, taking a 4x4 across country is a bit like riding a horse. When you come to an obstacle you collect it, give it a bit of impulsion and then collect it again. Which translates into putting a 4x4 squarely at a steep rise or crater like a dip, giving it a bit of wellie at the right moment and then easing up to see what lies ahead.

All of which will be completely foreign to the thousands of people who buy anything from Range Rovers to Suzukis and use them as they would normal cars.

Helping them to find out how their vehicles behave when doing the job their makers built them for could be a useful sideline for farmers looking for new sources of income.

They could set up an off-road driving centre. All they need is 20 or 30 acres of land ideally their worst and the use of a bulldozer for a few days.

On a site like that, enough obstacles to amuse a 4x4 owner all day could be created at little cost. The soil excavated out of dips that would soon hold a foot of water could be piled into 45 degree humps for ascending and descending. Users could be charged an hourly fee.

One of the farmer's tractors could be standing by to haul the over enthusiastic and reckless out of the mire at extra cost. An arrangement could be made with the local branch of the All Wheel Drive Club to provide instruction. And another nice little earner would be a pressure washer to get all the filth off before the vehicles were allowed back on public roads.

My two recent off-road sessions reminded me that for sheer cross country capability, the Land Rover still takes a great deal of beating. So,too, does the Range Rover, which has similar permanently engaged all wheel drive with a lockable centre differential, plus coil springs that help all four tyres to stay in conctact with the ground.

But some Japanese rivals the Mitsubishi Shogun, Isuzu Trooper and Daihatsu Fourtrak among them as civilized on the road as a Range Rover while costing far less. In particular, the diesels and turbo diesels are so quiet one could imagine they were petrol engined. The little Suzuki Jeep, though often bought by trendy young women as a shopping car cum fashion accessory, goes like a mountain goat off road. So does the Russian Lada Niva.

The selectable four wheel drives based on normal cars the Subarus, Toyota Tercel 4WD estate and Fiat Panda 4x4 go improbably well off road because they do not cut into soft ground like the heavier machines.

I have to admit, though, that having someone at hand to drag you out if you get stuck counts for a great deal when driving off road. It is easy to be brave and adventurous if you know you are not going to suffer from getting it badly wrong.

# Sharp innovations

COST OF maintenance of mechanical tools has increased greatly in recent years, mostly because of the large element of labour involved. As a result I find myself attempting more of this work myself and seeking means to make this easier.

The sharpening of cutting tools of all kinds is one type of work I am doing increasingly in my own workshop. Much of it is simpler than generally supposed and can be done with a file if carefully used. One advantage of rotary over cylinder lawn mowers is that their blades are much easier to sharpen. They can be detached quickly, often by simply unscrewing one bolt, and can then be sharpened on a grindstone or with a fairly fine toothed file. The important thing is to get the angle just right and the filed surface quite level, not rounded by rolling the file over it. The file should be used in one direction only, outwards over the cutting edge, and lifted off it on return strokes.

Numerous gadgets have been devised to help in a great deal of sharpening and some are almost essential if the work is to be done well. I would not attempt to sharpen the teeth of a chainsaw without one of the simple file holders made for this purpose. This will have the angle for filing clearly marked on it, maybe two alternative angles - 30deg and 35deg - which are those commonly recommended according to the type of cutter used. This should be indicated in the handbook with the saw, but if not find out from the dealer. For chainsaws a round file must be used of precisely the right diameter to fit the curve of the cutters.

Several mechanical devices are available for sharpening blades. For chainsaws I have used a small electric sharpener made by Danarm, the chainsaw manufacturers, but someone took a fancy to it before I had become fully accustomed to using it. Recently, I have seen a larger tool, the Martek on-the-bar chainsaw sharpener, which is driven by an electric drill. It appears to be robust and well made and could be useful to those who feel uncertain of their skill with the file and to those who want a precision job.

Gardening

Cylinder mowers are much more difficult to sharpen than rotarys since each of the revolving blades must be ground to exactly the same level throughout its length. It is probably essential to return the cylinder occasionally to a workshop with the quite elaborate and expensive machinery acquired for this precision grinding. But a useful tool known as the Mower Mate will lessen the frequency of these quite costly servicings.

It makes use of a 12 or 14-inch T-section aluminium bar to which a replaceable abrasive strip can be stuck. The bar is kept to the bottom, non-moving blade of the mower, the revolving blades are adjusted to make light contact with it and then spun for a few moments by engine opener or wheels, until the cutting edges are bright, smooth and clean. The Mower Mate costs £5.90 and I obtained mine from Barralet's of Ealing who have a garden shop at 6 Pittshanger Lane, Ealing, London.

From the same source I also obtained two other small sharpener tools, the Pruna Mate and the Sheer Mate. The first is a little plastic guide to be clamped to the back of a secateurs blade. It has four holes to take a plastic skip with an abrasive pad at one end. A hole is chosen which will set the pad flat on the cutting edge and the sharpening pad is then moved up and down by hand until the blade is sharp. There are no working parts to go wrong and this ingenious little tool costs only £3.45.

The Shear Mate, £4.35, is designed to sharpen both blades of garden shears at the same time. This it does by means of a double edged tungsten carbide sharpener centrally mounted in a robust plastic guide which must be screwed firmly to a bench or other solid object. The two blades of the shears are then pushed through the guide in contact with the sharpener.

Any of these sharpeners could make a novel and welcome present for a gardener. So could a belt-cum-apron which seems to be marketed both as Green Belt and Organiser Belt. I have only seen pictures of the latter, but it looks the same as the Green Belt. When folded it makes a wide belt with pockets shaped to take secateurs, string, seed packets, labels, handfork and hand trowel. Fully extended it makes a protective apron and reveals yet another pocket sufficiently capacious to take plants and weeds. It is made of washable nylon and costs £9.35

What tools might one buy or give to fill all these pockets? I have lost none of my faith in the Felco 2 secateurs which still seem to give the easiest cut of any I use, but for light snippings and cutting string I like to have a pair of Wilkinson's Snippers at hand. On string, I am old-fashioned and seek nothing better than a ball of fillis, but for heavier work a roll of plastic coloured wire is better.

Stainless steel trowels and handforks are well worth their much higher price because of the pleasure of using tools that can always be bright at the wipe of a rag. I was sad when the old Hartley Aluminium labels went out of production but am delighted at the new Alitags made by Andrew Grace Designs, Bourne Lane, Much Hadham, Herts, which differ only in their more rectangular shape.

**Arthur Hellyer**



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Phiz' original illustration for a scene from Pickwick Papers which takes place in the Saracen's Head

Marilyn Bentley looks at the many-sided appeal of a great Victorian, Charles Dickens

# When heart speaks to heart

WHEN The Pickwick Papers began appearing in monthly instalments in 1836, Charles Dickens became the first storyteller of any age, with the exception, perhaps, of Scheherezade, to end each episode with a cliffhanger. Forty copies of the *first issue were bound up;* 19 months later, the figure had reached 40,000. The soap opera was born and was a runaway Success.

Mr Pickwick and his creator *had cause for celebration* and the celebration is still going on among the worldwide member*ship of the Dickens Fellowship.* Launched in 1902 "to knit together in a common bond of friendship lovers of the great master of humour and pathos, Charles Dickens," the aims of the fellowship have not changed. The genial spirit of Mr Pickwick still pervades the activities of the 60 or so autonomous branches.

Dickens' widespread popular appeal was reflected in the early *flourishing of the fellowship.* While the mid-century saw a falling-off of new membership, *there has* been a lively resurgence in the 1980s. Alan Watts, fellowship secretary, estimates present numbers at about 6,000, with the most rapid expansion in the US.

Some branches, such as that at the Seijo University in Tokyo, are dedicated to sober scholarship. *Rather* more are dedicated to steak and oyster pie and the *graceful sway of crinolines,* in a *cheerful and nostalgic* programme of Dickensian jollification. There are several Dickens festivals, outdoing each *other* in the splendour of their Victorian costume parades, a Pickwickian Golfing Society at Petts Wood and a Charles Dickens Theatre Company at Ipswich. They share a partisan enthusiasm, bonhomie and perhaps, admits Watts, a certain mild eccentricity.

Dickens' appeal is many-sided to his passionate devotees. Humourist, radical, reformer, self-made commercial success, a *great actor,* his gallery of human grotesques forms a kind of mythology of Victorian England. *He practically patented what we* think of as the "traditional" Christmas. And, of course, he *invented the soap opera.*

However eccentric, members of the fellowship are unlikely to *take kindly to the idea of a television* programme such as Dynasty being the witless progeny of Mr Pickwick. Most modern examples of the genre have the muscularity of wet cellophane and about as much social realism as you would find on the back of a cornflakes packet. But the *procrastinated* suspense of Dickens' novels, the unravelling complexities and coincidences, *the curlicued sub-plots and* moral transformations, are not a million miles from television's Dallas.

Nor from Raleigh, North Carolina, where Elliot Engel, Professor of English at the State University, runs the Dickens Disciples, the largest and most *flourishing* branch affiliated to the Fellowship. The evangelistic connotation, though accidental, is not entirely inappropriate. "We do have this religious zeal for Dickens," says Prof Engel.

He founded the club in 1980. "There were a *lot of closet* Dickensians in this area," he explains. "They loved Dickens *but didn't want to admit it* because he was so out of fashion." They "came out" rapidly *after the founding of the club,* which now has more than 2,000 members.

*How does the professor* account for the popularity of a Victorian radical author in this heartland of the arch-conservative American South? "Dickens created so many grotesque characters and strange-sounding names. We in America have never heard of all the places that you people recognise, places you can still visit today. To us, it's a kind of fairyland."

*On a recent trip to London* organised by the disciples, one member complained of her dis*appointment* with the realities of Dickens' world. She liked them better when they were just in her imagination. In other words, Dickens' Dingley Dell is as remote and escapist to the inhabitants of the research triangle as Denver is to the inhabitants of Derby.

But, however devoted to the cardboard machinations of *JR,* it is unlikely that "Dallas" fans would *ever* shell out for the preservation of South Fork. "Preservation and purchase of buildings and objects associated with *(Dickens') name or mentioned* in his works" was one of the fellowship's original objectives.

In 1925, the *fellowship* managed to buy Dickens' London home at 48 Doughty Street, now *its headquarters* and a unique museum of memorabilia. In the event, they were obliged to buy No 49 as well, an unwelcome expenditure at the time but one which now proves a useful source of revenue to a body as continually strapped for cash as Mr Micawber.

The *fellowship's present* conservation crusade concerns the Saracen's Head at Towcester, a *famous old coaching inn* which figures entertainingly in *The Pickwick Papers.* Alan Watts is understandably horrified at plans to demolish part of the stabling. "Tourist publications on Towcester only mention the Saracen's Head and some chained books in the church," he says. "They haven't got much to boast about."

Dickensian zeal has stirred up considerable controversy over the plans. *At the last report,* members of the town council, representatives of local pressure groups, *the press, the applicants* and the entire planning committee had been invited to view the site *prior to a final decision,* "reflecting the degree of local concern," said Mr Goldie, the chief planning officer. It sounds like a scene Dickens himself would relish.

Ultimately, what unites Dickens enthusiasts is what the fellowship's original 1 think most of us would go for the heart."

# Weaving new spells with natural dyes

**Susan Moore on a fresh lease of life for Turkish carpets**

"ONE THING is certain," thundered William Morris, "that if we don't get to work making our own carpets, it will not be long before we find the East failing us, for that last gift, the gift of the sense of harmonious colour, is speedily dying out in the East." Morris deplored the use of the crude, livid aniline dyes developed in the late 1850s and introduced into India and the East. He determined on reviving the lost art of hand-knotted carpet weaving in this country, and was stained blue up to his elbows attempting to rediscover the formulae for making natural dyes.

Exactly a century later, in 1977, a strangely parallel experiment began in Turkey. It has resulted in the villagers of north west Anatolia reviving their ancient skills of weaving and dyeing. They are now producing what are believed to be the only carpets in the world woven in the traditional colours of natural dyes and to authentic regional designs. It is a remarkable feat with a remarkable story.

In 1977 Dr Harald Boehmer, then a teacher in the German school in Istanbul, started analysing the dyes used in ancient Turkish carpets - and the means of their production - in a makeshift laboratory in his kitchen (set up with a grant from the German Research Society). Like Morris, who scoured medieval Herbals to discover the receipts for making natural dyes, Dr Boehmer turned to ancient Eastern texts. A number of errors forced him to start from scratch to rediscover the processes used to make certain colours.

From this unlikely kitchen chrysalis emerged the idea of setting up a team to teach villagers how to make natural dyes for their carpets and to market the carpets abroad. Professor Mustafa Ashir, head of the Faculty of Fine Arts at Mamara University, responded enthusiastically. Thus the DOBAG research and development project (Dogal Boya Arastirma ve Gelistirma) was established by the university in 1981, with Dr Boehmer as its principal advisor.

Officials worried about the rate at which villagers from the poor Ayvacik region were clearing forests for firewood, and hoping to find them an alternative source of income, introduced Dr Boehmer and his wife to the area. The tradition of carpet weaving was still alive in these villages of former nomadic shepherds, but their once famous wares were now of poor quality and only made for village use. Their designs were authentic to the region, but the hideous, garish colours were those of cheap synthetic dyes. Several hundred people attended Dr Boehmer's courses on making natural dyes, and leaflets were distributed to every village. Twenty families began to weave two days later.

From the beginning, Dr Boehmer insisted that the carpets were only woven with long-fibre winter wool, not the thin summer wool more suitable for weft, or for felt-making or knitting. Women were encouraged to look to the traditional dowry rugs in their houses and the carpets in the mosques, rather than borrow from the imported Iranian and Caucasian designs that merchants had previously made them copy. But theirs is no slavish repetition; they work from memory - sometimes with 20 designs in their head - and adapt and personalise designs as they see fit, as weavers left to their own devices have always done.

The villagers were helped to form their own co-operative (which now benefits from a goverment loan), and the following year a similar project and co-operative was established 300km away in the mountainous Yuntdag. This time a grant from the German Society for Technical Co-operation purchased looms, wool, dyestyffs, and equipment and helped with marketing. Now some 350 families in 40 villages produce 1,500-2,000 carpets a year for the co-operatives - and hundreds more families are waiting to join.

In the warehouses of Istanbul and Izmir, naturally-dyed non-DOBAG carpets are subjected to the same chemical washing and coiffing that befalls those woven with synthetically dyed wool. These damaging treatments - as old as the aniline dyes they were designed to counteract - are not necessary for these richly-coloured carpets that will patinate naturally. Nevertheless, they too will be bleached, scrubbed and scraped, their black wool cut out with scissors to imitate the ravages of wool moth, and sold to the West as antiques.

What is so satisfying about the project is the enthusiasm with which not only women, the traditional weavers, but also men, have taken to weaving for a living. But by far its most remarkable achievement is that the resulting prosperity, albeit relative, has arrested the massive migration to the cities, one of Turkey's most serious problems. The co-operatives have a welfare role, providing interest-free loans for families in need.

The thriving new trade for high-quality carpets has changed the activites of village life without changing its social structure, and has stabilised its ecology. It is also earning foreign currency for Turkey - it was estimated that £350,000-worth of DOBAG carpets were sold in Istanbul market last year, and $5 million of so-called natural dye carpets.

*Dr Boehmer promotes the project* by organising exhibitions and by lecturing around the world, *both of which he funds himself.* He also travels 30,000km a year in Turkey to visit each village *every month. One of his two* Turkish assistants works on dye analysis of historic carpets at the university; *the other* lives with the villagers, giving advice and practical help. Both are paid *£100 per month.*

Although the Turkish authorities are commited to the project, they have no funds available to expand it to other regions. So Dr Boehmer is looking for sponsors - only £5,000 a year for each assistant. It is essential to pay his assistants more if they are to stay in the project, and to educate them further.

When DOBAG began the market could not support increased productivity, but now DOBAG carpets are in great demand, and there have been acclaimed exhibitions in Europe, the East and the US. It is a project full of potential. Carpet restorers around the world would like to buy their naturally dyed wool, but as yet there is not enough to spare. Dye plants are under cultivation, but huge quantities are needed - it takes seven kilos of fresh madder root to dye one kilo of wool.

The DOBAG project has proved that the "last gift" described by Morris did not disappear, but rather lay dormant. But he was right in believing that the impetus for reviving the art of carpet weaving would have to come from the West. With help the East will not fail us after all.

● A sale exhibition of DOBAG carpets continues at David Black, 96 Portland Road, London W11, until Christmas Eve.

A north west Anatolian woman sits weaving using traditional methods and natural dyes

Josephine Baker, the singer and cabaret star

Saleroom/Antony Thorncroft

# So biddable

AN AUCTION of autograph letters *and personal memorabilia* is a lucky dip. The salerooms have no idea what will drift in between *auctions, but they are* certain that there is at least someone who avidly collects *anything relating to Sarah Siddons,* Adam Smith, and Samoa.

These particular deviations *will be looked after by* Sotheby's on Tuesday when it holds a major sale of English literature and history. *It is a market which* always performs well, bolstered by dealers, private buyers and *investors,* the latter *well aware* of the appreciation potential.

For example a letter by George Eliot, which sold for *£330 in* 1975, changed hands for £2,640 in 1986. Two letters by Robert Louis Stevenson, currently a hot property, shot up from £330 and £352 in 1976 to £1,320 and £1,430 last year.

Most buyers just like the idea of holding a unique piece of history in their hands–a letter by Churchill; a postcard with a pithy comment by GBS; a pen wielded by Nelson. Sotheby's also has these on offer. Churchill is always in fashion, and a collection of 65 letters he wrote between 1902-04 setting out his political philosophy carry an estimate up to £35,000. This seems fairly modest when a single Churchill letter, admittedly written when he was a prisoner of war in South Africa, has sold for £10,000.

Shaw, too, is eminently *collectable,* and his previously unpublished correspondence with Cecil Lewis, in which he writes about *abandoning the theatre in favour* of films following the awful public response to Heartbreak *House, should* make £8,000. T.E.Lawrence has his fans, and just two letters by him carry a £2,000 *estimate.*

What gives this sale a special appeal is that it includes a collection of lots donated by contemporary writers to raise funds for PEN, the organisation which defends persecuted writers abroad. There is no history to advise whether Alan Ayckbourn's corrected transcript of his play, A Small Family Business, conservatively estimated at up to £300, is a better bet than Antonia Fraser's corrected typescript of a thriller, Your Royal Hostage, top estimate £400, apart *from a gut feeling that says it is.*

The same with the choice between part of Anita Brookner's *autograph manuscript for A* Friend from England, estimate around £500, compared with the typescript of Catherine Cookson's *novel The Parson's Daughter,* estimate £900. P D James seems to be favoured – her typed *draft of A Taste for Death, could* sell for £1,500. Tom Stoppard, Harold Pinter, John Mortimer *and William Golding, along with* many other fashionable names, have all given generously, and if *ever there was a chance to link* charitable giving, with personal frissons, and investment potential *this is it. PEN should raise* more than £20,000 from the venture which, for the first time *gives the public the opportunity* to buy the original manuscripts of popular writers.

PEN supports current prisoners. The woes of convicts transported to Botany Bay two hundred years ago ( next year) are now big box office. Sotheby's brought in £19,000 for a convict's letter last summer and in this auction it has an unrivalled collection of letters sent by Newton Fowell, a young midshipman who sailed with the first convict fleet, to his family. They include the first description of the wooded shore that became Sydney; of aboriginals (" very *friendly*"); of convicts; and of kangaroos. The thirteen letters, plus a few in other hands, should *make £40,000* and be repatriated to Australia.

*Anyone intrigued by* Josephine Baker, the singer and cabaret star who made stripping respectable, will be mortgaging their house to bid for an extensive archive relating to her life. Along with photographs, posters and papers there are more than a hundred letters she wrote to a close personal friend and would be biographer, H.Hurford-Janes, who organised her performances for ENSA during the war. The letters colour in an exciting life, including her eviction from a chateau by her creditors; racial discrimination, unearthed among her twelve adopted children; and her opinions of her naked displays. A top *estimate of £6,000* has been placed on the lot.

There is plenty that commemorates our *bloody history* – a vivid account of the Charge of the Light Brigade, blaming Captain Nolan *for* the fiasco; a description of Rorkes Drift and of Waterloo (in different hands); and nine issues of a prisoner-of-war camp magazine produced at Stalag IVB. There is also the pen with which Nelson is reputed to have written his last letter – to Lady Hamilton.

# Sip into a good book

EVERY YEAR more books on wine seem to appear, sometimes duplicating perfectly adequate books already available. But a very useful addition is the substantial The Wine Atlas of France (Mitchell Beazley, £16.95).

As the co-author, Hugh Johnson, writes in his introduction, this is a logical extension of his World Atlas of Wine. Because it is more detailed, with larger maps, it is more practical for the visitor to French wine districts. These maps are accompanied by succinct descriptions of the wine areas and by lists of reputable growers and recommended hotels and restaurants.

*It is a formidable assemblage* of information, with a high level of accuracy - though the historic *battle of Castillon that* led *to our* expulsion from Bordeaux was fought in July not June 1453. The colour photographs are well reproduced, but the coloured drawings are redundant.

The contribution of the co-author, Hubrecht Duijker, the Dutch wine writer who has several excellent books on French wines to his credit, should not be overlooked. He has now turned his attention to Rioja, the Spanish red wine once developed by immigrant French wine-makers, and the European red wine that in the last 15 years has more than any other increased its reputation and success.

The Wines of Rioja (Mitchell Beazley, £14.95) is *not* the first book on the region in recent years, but it is the most comprehensive on a *wine dominated* by merchants rather than growers.

Duijker describes no fewer than 53, sometimes quite critically. The photographs are beguiling, though the captions are almost unreadably small. With a brief history and a guide for tourists, this attractive book must surely prove an incentive to visit the long narrow Upper Ebro Valley.

In the US, Robert Parker has achieved an unrivalled though unsought reputation as a judge of the quality of young vintage wines, particularly of clarets, and his markings on a 50-100 scale carry the authority of holy writ.

The Wine Buyer's Guide 1988 (Dorling Kindersley, £10.50) in over 500 pages sets out his recommendations on over 3,000 wines, with the French occupying three-fifths of the space, although it also includes wines from elsewhere.

The title, nevertheless, is *somewhat misleading, for the* range of vintages considered is generally short: 1981-1984 for *Bordeaux chateaux, and with* Burgundy properties largely restricted to 1983, although there are detailed notes on vintages stretching back many years.

Now French *sweet* wines, at least, are regaining some popularity, Stephen Brook's comprehensive Liquid Gold (Constable, £14.95) is timely, for their varying qualities need to be appreciated. He begins with 65 pages devoted to *Sauternes, with all* the classed growths and several lesser vines described in detail.

*Elsewhere in France and other* sweet wine areas of Europe he has visited a representative number of those growers whom he considers the best, but he is by no means uncritical. For example, he describes the Sauternes Ch. Raband Promis as having "probably the worst reputation of any Premier Cru." In general it is a reliable, well-written book without an obvious predecessor on the wine-book shelves, and one which may direct more attention to the neglected sweet wines.

No regular wine drinker can complain now of lack of information and recommendation, for wine guides proliferate. The most comprehensive is Oz Clarke's Webster's Wine Guide (*Webster's/Mitchell Beazley,* £7.95).

Written, apparently at great speed in a racy, buttonholing style, he surveys an extraordinarily wide selection of wines on nearly 100 British merchants' lists - for example nearly 46 Muscadets - perhaps a somewhat bewildering choice for the wine tyro, but those who want to find a particular wine will be able to do so, and the approximate cost - as long it is not already out of stock too early next year.

Robert Joseph's Good Wine Guide (Sunday Telegraph/Wine Magazine, £4.95) is more compact, claiming to list the 500 best-value wines. These are briefly commented on and coded, followed by appreciations based on tastings. In The Really Useful Wine Guide (Sidgwick and Jackson, £12.95) - a somewhat defensive title - Robin Young has compiled a rapid, alphabetically arranged reference to the world's wines, districts and grapes for those in search of speedy information. The author does not mince his words about wines he dislikes or considers over-priced.

Although clearly subsidised by the grocery chain, Sainsbury's Book of Wine (£5.95) *does not* just lean to those wines likely to be found on its shelves. Instead, Oz Clarke *has written* a highly informative, by no means uncritical, record of the world's wines, seemingly dashed off in his engagingly extrovert style. In a relatively short compass he contrives to put across an enormous amount of easily assimilated information. It is well produced and illustrated, though a pity to caption Ch. Mouton-Rothschild's famous maitre-de-chai, Raoul Blondin, as a mere "cellar-worker."

High Street Wine

As with other titles in Mitchell Beazley's tall, slim series of pocket wine-guides, strong eyesight is needed to read the minuscule type of Nicholas Faith's Cognac And Other Brandies (£4.95) and Roger Voss's French Regional Wines (£4.95). This particularly affects Faith's book as he provides much more detailed, continuous reading than Voss's, which concentrates on *individual notes* on nearly 1,000 wines. Although wonderfully inclusive, it might have been more *critical* on *occasion.* Faith is already the author of a definitive work on cognac, so his *chapters on other brandies are* particularly useful, led by armagnac and followed by a surprising number of other French brandies and others.

Harry Waugh, a director of Ch. Latour, is the doyen of *one-time* merchants who are now *wine* writers. In his Wine Diary 1982-1986 (Christopher Helm, £12.95) he records his wine experiences and tasting notes over this period: mostly in England, France and the US, with an emphasis on claret, ranging from first-growths to crus bourgeois. There are also notes on fine red and white burgundies, German wines and vintage ports. A useful guide to the development at certain points of various vintages.

Lightly written and engagingly illustrated, Jancis Robinson's *Food and Wine Adventures* (Headline, £7.95) has a recurring theme running through her 27 *sketches describing* various gastronomic occasions, from a 66-wine affair at Ch. d'Yquem to an expedition to bomb-struck Beirut. This is to dispel prejudices about the relation of wine to food.

Written by an attractive writer who is also an eclectic wine merchant, *Stephen Loftus's oddly* titled The Pike in the Basement (Century, £7.95) is only marginally about food and wine. It is more of an account of his often arduous, evocatively recalled travels round the world as a young man. En route he encountered white truffles in Piedmont, cat-fish in the Mississipi and a pike below stairs. Each chapter ends with an appropriate recipe and wine to match. In all, an a la carte selection, before he settled down to the task of establishing a distinctive wine business in East Anglia.

Charles Walter Berry's In Search of Wine (Sidgwick and Jackson, £133.95), first published in 1935 and long out of print, appeared when wine writing hardly existed and when wine drinking was confined in Britain *to a very small number of* people.

It was a good idea of Jancis Robinson to re-issue this period piece, descibing an eight-week, 5,600-mile tour of the main French vineyard districts in the autumn of 1934. At this period such a trip was a rare occurrence, for the merchants here had to wait to be visited, except for an occasional holiday jaunt. Written in an unashamedly amateur way, it provides a picture of the contemporary wine trade as well as a lot of incidental information.

*I myself owe Mr Berry a never-forgotten debt.* Standing at a high desk just inside the door of 3 St James Street and resembling a very distinguished butler, he received my plentiful enquiries and very modest orders with equal courtesy, and a few years after he published his book he gave me my first introductions to merchants in Bordeaux and Burgundy that started my interest in wine.

**Edmund Penning-Rowsell**

DESPATCHES
• Bonn •

# Myth of Blonde Beasts

NIETZSCHE was right. "It is characteristic of the Germans," he wrote, "that one is seldom wholly wrong about them."

With that kind of cover it is possible to say almost anything about the Germans - as Nietzsche and countless other mortals have gone on to do - and never be wrong. But even with that guarantee, why do the Germans get such a pessimistic press and why are they always bad-mouthed in *private?*

More than 40 years after a war that most West Germans do not *even remember, the doom and* gloom merchants are gathering again. I am leaving Bonn after *three and a bit years as a correspondent* here and I predict a spate of articles, papers and broadcasts soon about *grave* and worrying new developments in West Germany.

Is it the end of Weimar all over again? West Germany is led by a weak man, policemen have been shot dead by anarchist demonstrators for the first time, a senior politician has been found dead in a bath in a Swiss hotel and the economy may be heading towards recession. The clouds over Bonn, to paraphrase a colleague, are blackening with the wings of Teutonic chickens coming home to roost.

In the *face* of all this, the doomsters argue, the Germans threaten to fall apart and do terrible things to each other and anyone else around. They are, somehow, fatally flawed, a marked people on whom, since Hitler, the jury must remain ever out.

When Frank Johnson came out here for The Times at the beginning of 1985 it was with a command from his editor, the late Charles Douglas-Home, ringing in his ears. "Frank," he had said, "I want you to go and find the Blonde Beast in Germany."

Whatever the reason, Frank never did find it and he looked hard. Instead, like any foreign correspondent, he was smothered with kindness.

One day last year we went to Cologne to find a pub with a television so that we could watch the World Cup final among "ordinary folk." We did, but just before the match a mean looking character stumbled over and asked if we were foreign.

"English," I said, trying to sound neutral, but I had come with a born trouble-maker.

"Tell him I'm Argentinian," said Frank quickly.

I did and the German drew himself up, swayed and then sort *of fell* with his hand onto the Johnson shoulder. "Tell your friend he is welcome," he breathed to me and lurched off back to his mates.

By the time Argentina had beaten West Germany the man, increasingly depressed, had come back a number of times to reassure Frank of his welcome.

But if the Germans really are ever going to make trouble for us again, how is it going to happen?

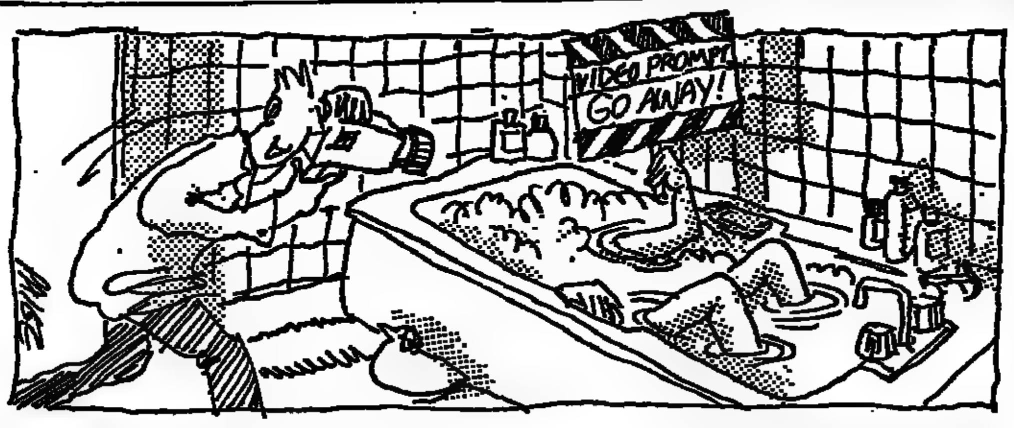
One favourite hobby horse is reunification, because fundamental to the German Soul is supposed to be this uncontrollable urge in all Germans to be part of the same country.

The professional dissecters of the German Soul forget the thousands of West German kids who right now are hating the thought of having to spend yet another Christmas with their crude cousins from the East. Or the fact that West and East Germany will soon have been separate countries for longer than they were part of the same country. Reunification is a joke and when West German politicians raise the possibility it is often to scare the British or French or Americans.

The truth though is that most *West Germans don't know what* inflation is anymore. This particular fib has been well sold by *successive Bonn Governments* and the Bundesbank to help ward off calls for West Germany *to spend more than it wants to* to encourage imports.

It is probably Germany's fate, though, to be used as a sort of laboratory for every wacky geo-political/historical notion around. And what good would a serious theory be if it wasn't pessimistic? But the Blonde Beast doesn't live here anymore.

**Peter Bruce**




# Thanks for the memory

**Eureka! CAMCORDERS**

GUARANTEE a happy family Christmas - buy a video camera today. The distressing sight of dad's double chin, mother's spreading thighs and the kid's erupting spots should suppress egos sufficiently to keep family squabbles to a minimum. Video cameras can also be a lot of fun and are now indispensable for filming family chronicles.

Most of the machines are small enough to carry in one hand and so easy to use that little Sally can operate them, making it possible to become a legend in your own living room, provided you're prepared to pay heavily (around £1,100) for the pleasure.

But be prepared for some surprising social revelations, because the devices produce sudden and unexpected personality changes in friends and relations. Shy, retiring types can suddenly adopt a Hollywood bravura, preening, performing and placing their best features forward. And the show-offs you thought would be leaping before the lens complain about an invasion of privacy as soon as the camera is switched on. Unfortunately, the cameras also produce variants of the social bore - the aspiring social documenter who perpetually pops up in situations you would prefer to keep private.

Modern video cameras include a built-in videocassette recorder (VCR), which can both record and instantly play back filmed images, hence their "camcorder" name. These are a considerable improvement on the first generation of home video cameras, which had to be connected to a rather bulky VCR via a stout cable. Home video pioneers looked like high-tech versions of Quasimodo as they staggered around balancing a bulky camera on their shoulders and lugging a heavy recorder on their backs.

Camcorders are much smaller and lighter than their predecessors because the tape size has been reduced and the old-fashioned and rather bulky "tube" that was integral to the process of transferring images to tape, has been replaced with compact electronics. Most well-known electronics manufacturers now sell camcorders ranging in price from around £550 upwards, although 1,000 is more representative. The choice is quite bewildering and a little homework is necessary if you're going to fend off pushy shop assistants.Buying the right camcorder depends as much on your emotional and aesthetic demands as it does on the machine's technology.

As with most big buys, it's useful to make a list of your needs before heading for the high street. For example, skiers or horseriders who want to improve their technique by getting their partner to film them in action, will have different needs from, say, a father who wants to send tapes of the children to granny in Australia. The list will also be useful if you decide to buy from a specialist shop where a knowledgeable assistant should be able to help you choose the most suitable machine to suit your needs. These stores, as opposed to a high street discounter, will probably charge a little more but it's worth paying extra for expert service.

Specialist dealers will also have more space in which you can play around with a number of different models, to get the feel of the cameras. They might also have demonstration models which you can hire cheaply for a weekend. Video technicians have their views on what cameras and standards produce the best pictures. These arguments, sometimes backed up with technical tests, can be found in specialist publications. But most cameras are essentially similar (some are identical and merely re-badged), so for those who want to make a quick decision, there is no harm in choosing a well known brand.

But first think about these three points:

**Standards.** There are two main, and incompatible, camcorder standards: VHS and 8mm. VHS is more popular in the VCR market, with the vast majority of pre-recorded tapes complying with this standard. Some VHS cameras use the same sized tape as that used in VCRs. But to save space, the smaller, and far more manageable VHS cameras use a variant of the standard, called VHS-C. These compact tapes give only 30 minutes recording, but can be inserted directly in your, or granny's, VCR by using a simple adaptor. The 8mm standard is relatively new. It was introduced by Sony and is supported by a few other manufacturers, such as Canon. The tapes are about the same size as compact cassettes (for audio tape recorders) and the system usually gives marginally better picture quality than VHS. With camcorders, the standards issue is not really that important because the machines include a VCR and are plugged directly into the television set for playback. The pictures can also be easily copied onto a VCR complying with another standard. For instance, if you own a VHS video recorder and an 8mm camcorder, and granny has a VHS VCR, you can copy - and at the same time edit - your film on to VHS. The only problem is a deterioration in the picture quality every time a copy is made.

**Bells and whistles.** Each manufacturer adds various extras to its models to make them a little more attractive. Some of these can be useful, depending on your needs, but on the whole its worth choosing simplicity above complexity. Two features that most people find essential are motorised zoom and automatic focus. Some cameras have only a manual zoom, which can cause camera-shake when inexperienced fingers do the zooming. Another useful feature, found on the more expensive models, is an electronic viewfinder. This gives a small monochrome picture of the view through the lens. It also enables you to rewind and check the quality of the shots you've just made, and limited editing on the spot.

**Does it feel good?** All the necessary controls should be easily accessible and you should feel comfortable when filming. Some cameras are much better designed than others. Reject models that feel clumsy, no matter how prestigious the manufacturer. Video cameras give instant fun but can, like Polaroid cameras, become tiresome once the novelty wears off. As you can expect to spend around £1,100 for quality, it might be prudent to hire a camera for a few days. Television hire shops charge about £10 a day for cameras. If you intend to video a special event, such as a wedding, give yourself plenty of time to experiment with the equipment because some skill is needed for good, smooth filming.

**Peter Knight**



Alternatives to turkey • gifts for difficult people • dial-a-tree • and weird, witty

# The spirit of Christmas

LONDONERS can now enjoy fresh meat from Teesdale - and what's more can have it delivered to their door. The Teesdale Trencherman supplies fresh meat and game from Johnnie Cooke-Hurle's agricultural and sporting estate at Startforth Hall in North Yorkshire at prices that seem a little lower than those in my local supermarket. Beef, lamb, pork and game, all properly hung, butchered and guaranteed fresh can be ordered by post or telephone.

Delivery dates are announced in advance (there is now just one - December 17 - before Christmas, so hurry) and provided you give seven days notice they will be delivered on that day to your home or office in London. Saddle of hare sells at £2.50 a lb, venison at £3.50 a lb for a 7–12 lb haunch, pure pork sausages are £5.50 for a 5 lb pack, pheasant at £3.25 each, wild duck £4 each and there's lots more. Write to The Teesdale Trencherman, Startforth Hall, Barnard Castle, Co. Durham DL12 9RA (tel 0833-38370).

● Anybody wishing to give their nearest and dearest some jewellery this Christmas but not thinking of anything in the heirloom class might like to know about Manguette. She runs one of my favourite jewellery shops in Kensington Church Walk, London W8, where her particular flair in choosing unusual and striking pieces has brought a steady stream of faithful customers. She has lots of unusual bead necklaces in old stones like lapis lazuli, amber, turquoise, jade and coral. There are also Art-Deco inspired brooches, earrings and necklaces, sometimes in silver, bronze or gold plate, sometimes in precious woods. There's lots to choose from at well under £100, quite a bit at under £50 and a brooch of a real fish (preserved in plastic) for just £12. Those who never found her in Kensington Walk might find her easier to get to her newly-opened second shop at 165 Draycott Avenue, London SW3.

● Emma Hope, whose shoes are much featured in the glossiest of glossy magazines and which have become something of a cult among the fashionable young, opened her own shoe shop last week. Here fans of the Emma Hope style can see the full collection - all those flat and elegantly square-toed Jane Austen pumps, long-pointed beribboned velvet court shoes, idiosyncratic mock-croc lace-up ankle boots, and voluptuous slippers. She uses only the best materials bookbinding leathers, mock-croc (proper leather, but stamped with crocodile patterns) and fine velvets. The shop itself is in period mood double-fronted, a long wood-panelled interior. Prices are not cheap, but they are among the most indivdual shoes in town. Most shoes are around £80, lace-up ankle boots are £90. The shop is at 33 Amwell Street, London EC1.

● Fans of Hippo Hall, a famously charming children's shop specialising in painted children's furniture, might like to know that the Hippo hasn't entirely gone AWOL. He's arisen afresh in new form at 47 Palliser Road, London W14, where under the new name of The Peeking Hippo, he is purveying a multitude of hand-painted porcelain from factories in The People's Republic of China. Vases, ginger jars, flower pots, pot-pourri bowls, tea caddies, elephant candlesticks and lamps of every size and shape are all on sale. Nicest of all, in my view, is the blue and white porcelain which comes in numerous shapes and forms a small pear-shaped jar just 6in high is £14.50, while a 7in high teapot is £17 and an 18in high garden seat is £155. Anybody who loves things Chinese should take a look - apart from the porcelain there are embroidered sheets, Chinese masks and model vintage cars made from wood. Palliser Road is just beside the Barons Court Tube stations, only seven minutes by underground from Knightsbridge. The Peeking Hippo will also deliver free in Central London.

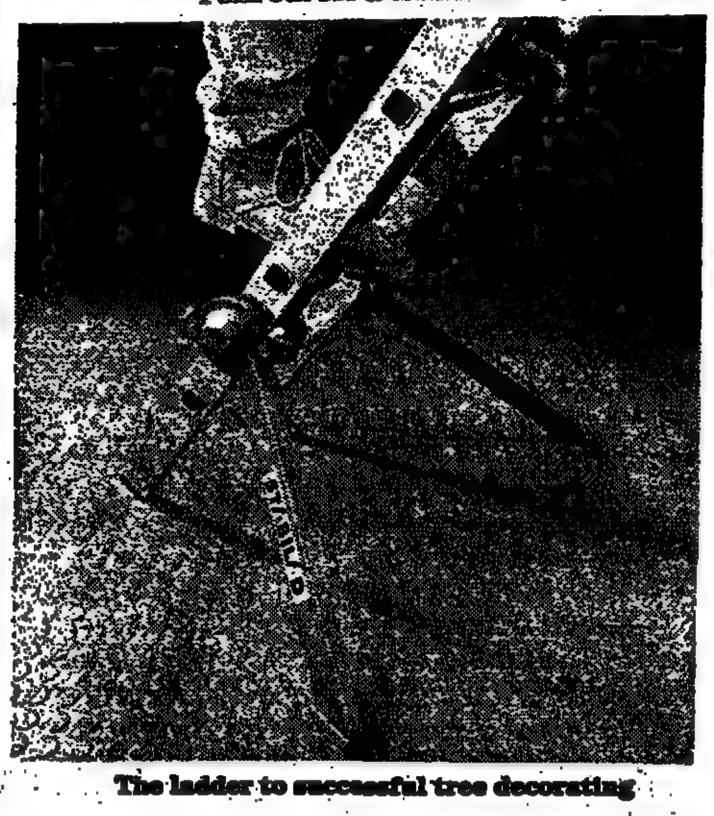
●

Have you on your present list one of those nauseous chaps who "has everything"? I have just the present for him and come to think of it lots of people who have not very much might like them, too. Hand-made replicas of the famous terracotta warriors at prices ranging from £3 to £300 will be on sale at The Emperor's Warriors Exhibition at The Royal Horticultural Society Old Hall, Vincent Square, Westminster, London SW1. Almost every potter in China has been working flat out for the past three months making the 77,000 replicas that will be on sale. All have been made in the same tradition and from the same clay soil as the original ancient figures. They are available in five sizes 10cm, 17 cm, 24 cm, 27cm and, in limited edition, 44 cm.

Besides the clay figures there will be other Eastern delights that may fill a few holes in some Christmas stockings. Everything has an Oriental connection - look out for fine green tea, calligraphy sets and books, Chinese stationery, Chinese toys and Arthur Cotterell's new book, written specially for the Emperor's Warriors Exhibition the First Emperor's Warriors (£12.95). Photographed here is an original clay figure a cavalryman, 180 cm high, wearing the typical cavalryman's clothes with quite simple armour, no shoulder pieces or sleeve protection and a cap worn to keep their hair under control.

Hand-made replicas of the Emperor's warriors

Fork out for a chandelier!



The ladder to successful tree decorating

**Lucia van der Post**

**HOW TO SPEND IT**

● If you like the unusual, the witty and the way-out then you should take a look at Anne Tilby's chandeliers and Dick French's paintings on show (and sale) from Monday 14 to Sunday 20 in a giant disused Smithfield slaughterhouse (not, you will have gathered, the place for timid, conventional souls). Anne Tilby's chandeliers are, in my view, quite stunning. If the very idea of a chandelier seems to you to reek of *ancien regime*, of stiff conventionality, then these are the chandeliers to put you right. They are not, as you will have gathered, everybody's cup of cut-glass, neither are they cheap, but they are witty, weird and wonderful. I particularly love the version made from cutlery and imitation ice, imitating the gilt and crystal of classical Baroque models. I love, too, the glittery decadence of the one based on plastic fruit, full of rich purples and greens. You can glean a little of their character from the photograph shown here. Prices range from about £250 upwards the plastic fruit design is £360, the cutlery one, £450.

Opening hours are from 11 am to 6 pm from Monday to Sunday. The address: 63 Charterhouse Street, Smithfield Market, London EC1.

● Dial A Christmas Tree is a great new service for those who live in London and the suburbs. Just phone 01-834-2900 and a Christmas tree of the height you specify will be delivered to your door, either evening or early morning if you are working.

There are four different sorts of tree on offer the Norwegian Spruce, (a typical green tree), the Nordmanniana (a blue spruce), the Noble Fir (the King of trees, another blue spruce, but with thicker branches more widely spaced) and the Scots Pine (much loved by Americans for its long needles and bushy shape). The Norwegian Spruce is the only one that seriously loses its needles, all the other three hang on to them very well. Most popular of all this year so far is the Nordmanniana. The Norwegian Spruce is the cheapest at £11.50 for a 4 ft tree going on up to £76 for a 12 ft version, while the Nordmanniana is next at £18.62 for a 5 ft tree, the Scots Pine is £21.80 and the Noble Fir £23. Out of every tree delivered 20p will be donated to MENCAP.

Dial a Christmas Tree also sells metal stands so long-lasting that they are the kind you can leave to your grandchildren in your will. They have an integral water base and for bases to take trees up to 5 ft in height the price is £10, from 6 ft and over £15.

●

I don't know how many Christmasses are ruined when Dad, Grandad, Junior or old Uncle Tom Cobbleigh and all take a tumble from the ladder while decorating the Christmas tree. Throughout the year the number of accidents from falling off ladders run at some 34,000 and they can vary from something as slight (though inconvenient) as a sprained ankle to a broken limb. A few, of course, are fatal.

Sorry to introduce this note of gloom but there is help at hand - a simple device called the Stabilad, which sells for just £29.95, can be attached in a few seconds (I've tried it and even I can do it) to most ladders which prevents it slipping, moving or twisting. It can easily be adapted to take in uneven ground (that is, if one leg of the ladder is higher than the other). Made from die-cast aluminium, it consists of two angled, independent, legs which clip onto the stile of the ladder easily and simply - this immediately gives the ladder the stability of four legs, instead of two. They are suitable for almost any ladders provided the stile width is no more than 3¼ inches and isn't round. The Stabilad legs are light in weight - some 2lbs each and they can be bought directly from Stabilad Limited, Enterprise House, Keymer Road, Burgess Hill, West Sussex RH15 OAN. (tel 0444-870-190).

●

Those whose tastes run to the old, the one-off and the much-loved but who don't have a lot of time for rummaging round in antique shops might like to know about "Property of a Gentleman." Started by Annette Rose and Judy Green, who both love antiques and in particular antique games, it is now established as a special corner in Simpson of Piccadilly's gift department.

All the delightful appurtenances that were a natural part of the well-heeled English Gentleman's life-style and that a new generation is just beginning to appreciate have been lovingly collected over the years and are here on sale. You might find an opera hat, still in its original box, a lemon squeezer for a gentleman's bar, a collapsible silver spyglass, a cut-throat razor from the Boer War, a selection of silver pencils and nibbed pens from the turn of the century, silver stamp boxes to adorn the desk, and, above all, a wonderful selection of old chess and backgammon games. Almost everything dates from about the middle of the last century onwards and there is lots of 1920s and 30s stuff to choose from. Prices range from about £25 up to £1,500.

# presents ...

## and unusual ideas for the festive season

MORE unusual presents can be found at the Commonwealth Institute in Kensington High Street, London W8 6NQ where there is a big selection of work by three modern Indian Miniature painters from Rajasthan. The art of painting miniatures began in Persia, was taken to India by the Moghul emperors and their entourage and then flourished in its new environment. Today it is, sadly, a dying art but an Indian artist, Anita Kapur, has found three young Rajasthani painters who still paint in the true tradition. Even if your cheque-book isn't healthy enough to enable you to buy it is worth going along to look. Everything on show is for sale and the cheapest picture is £55, there is lots of choice at £75 and £125 and there is one really expensive one at £600. The exhibition is open from 10 am - 5.30pm on Mondays to Saturdays anbd from 2pm to 5 pm on Sundays.

● Is there somebody on your present list who would fancy a kelim? Kelims, those who are as fond of them as I am will know, are flat-weave rugs woven in most of Central Asia. The best of them are not woven for selling and certainly not for exporting, but rather to be used as floor coverings and tent hangings by nomads and house dwellers. The finest rugs are stored to be used at weddings and festivals for the guests to sit upon and are part of the wealth of the family which will be presented to the bride or used as a commodity for trading. Alastair Hull visited Afghanistan in March and October of this year and now has a large collection (he claims, the largest collection from Afghanistan outside Central Asia) for sale in time for Christmas. He is selling them at London Contemporary Arts, 123, Lots Road, London SW10 and is open today and tomorrow from 11 am to 7 pm.

● Anybody up in London for their shopping and unable to face the crowded shops might like to turn their attention instead to the new V & A Museum, where a whole host of charming and impeccably "tasteful" presents on sale. There's a good selection of stocking fillers, some with an old-fashioned nostalgic air, others modern in flavour. There are lovely toys for children, Victorian-style Christmas decorations, some lovely reproductions of 1760 Wedgwood creamware, some utterly up to the minute Timney Fowler plates and some of the nicest calendars and diaries around. If the only shopping day you have left is a Sunday, remember the V & A is open on Sundays from 2.30pm to 5.50pm (on Saturday from 10 am to 5.50 pm).

● Too rushed to shop yourself? Call Present in Time and they will do everything for you - they will shop, wrap and even, if you wish, choose every single present on your list. It is, as they rightly claim, the ultimate Yuppie Christmas Service. So what, I hear you ask, does this all cost? 10 per cent on top of the value of the present. All you need to do is give them a ring, tell them what you want and they will deliver it to your door beautifully wrapped. Telephone Catherine Rossdale on 01-229-6449 or Beatriz Barclay on 01- 221-7598.

**From left to right: Crisp white jacquard with a self-pattern check, button cuffs and charming big Peter Pan collar, £60.**

**Creamy self-spot crepe-backed satin with a pierrot collar, soft and seductive (also in navy, wine) size 6 to 16, £95.**

**Finely-pleated cream satin silk shirt with stand-up cutaway collar (also in black, navy or wine) size 6 to 16, £120.**

**Drawings: Celia Baker**

ONCE UPON a time Jermyn Street was almost exclusively a male preserve. This was the street where the English gentleman bought his city kit - his fine two-fold cotton poplin shirts, his silk ties, his monogrammed velvet slippers and all the other regalia of the caste. Today Jermyn Street shirt-makers realise that men make up only half the world. Out there is the whole female population to which, if Jermyn Street got the product right, it could also be selling.

So many of the shirt-makers have now turned to making shirts for women. Not all of them have got it right. Some shirts have the look of having been designed for men and not entirely appropriately adapted for women.

A company that seems to have some of the softest, more seductive, more desirable of evening shirts for women is N Lewin. For several years now at 106 Jermyn St, N Lewin has purveyed classic men's shirts at exceedingly reasonable prices. There is a big choice at £28 and even more at £32 - all fine cotton in classic stripes and plains and a fine selection of their own exclusive cottons as well.

Now N Lewin has branched out into women's shirts and has opened a women's shop at No 109. The shirts are beautifully made with silks, satins and cottons, and though prices may at first sight seem high, they are much lower than similar shirts sold by more fashionable designer names. Any chap at a loss over what to give a loved one this Christmas might just find the answer here.

Sketched here are just a few of the many shirts on sale. N Lewin will supply any of them by mail for an extra £1 p and p 109 Jermyn St, London W1).

# Choc full of goodness

**Chocolates have had a bad press – they're really frightfully nutritious**

Lucia van der Post

HOW TO SPEND IT

**Drawing: Tony King**

LET'S START with the good news. Chocolate is GOOD for you. Yes, really. It has protein, vitamins and vital minerals like calcium, potassium, iron, and many more. It is also a mild aphrodisiac, though I'm not quite sure which side of the ledger to enter *that*.

The problem is we've all been indoctrinated with the view that chocolate is FATTENING and that FATTENING is bad that there can surely only be a few souls so sublimely liberated that they can indulge themselves freely without guilt.

If you need any encouragement in divesting yourself of these longheld shibboleths I would refer you to CHOCOLATE, The Consuming Passion by Sandra Boynton ($3.95, Methuen). She is adept at helping would-be chocoaholics to throw away their inhibitions. For instance, take "Chocolate is Fattening" - this is what she has to say.

"A crucial factor has been overlooked in this widespread condemnation of chocolate: Most chocolate eaters tend to supplement their chocolate intake with other foods. By what right, what logic, can chocolate be singled out as the cause of plumpness? How can we be certain that, say, carrots, are not a catalyst to weight-gain when chocolate is present?

"And there is empirical evidence that also raises serious doubts about chocolate's fatteningness: Few chocolate lovers can simply lie back and wait for chocolate to come to them. For most, getting and keeping chocolate often requires strenuous physical work. Carrying seven pounds of chocolate from store to residence will absorb 359 calories, while hiding all chocolate before answering the door when company drops by unexpectedly takes care of another 744."

To be more serious, my chocolate guru (Helge Rubinstein, author of the chocaholic's manual, The Chocolate Book) tells me that "an ounce of good chocolate is in itself no more fattening than an ounce of cheese." She believes firmly that all this guilt business is a part of our Puritan heritage - the "if it's delicious, it must be bad for you" kind of thinking. Certainly I'm guilty - to this day I am unable to eat chocolate without thinking that I ought not to be.

Over on the continent where the taste has long run to chocolate that is dark, unsweetened and intense they are able to indulge their passion for chocolatey delights without shame. Chocolate in Paris, Brussels and Rome is serious, sophisticated and suave. Nobody would think twice of crossing town to make sure they bought the freshest, darkest, most voluptuous of truffles. Here, until recently, most of us have been accustomed to buying chocolates that are cheap, are available almost everywhere and can sit about in dusty village stores from Easter until Christmas without going off.

However, it cannot have escaped the notice of anybody who goes shopping down high streets and into great emporia that chocolate speciality shops and counters are proliferating. Suddenly names like Le chocolatier or Au Chocolat are beginning to sprout in even small country villages. At last we, like our continental cousins, will be able to buy more than a box of Black Magic or Milk Tray.

To the gourmet good chocolate means really dark, plain, bitter or semi-sweet chocolate. Good chocolate should be made mainly from cocoa mass (made from grinding cocoa beans into cocoa liqueur), sugar, vanilla, lecithin and whatever flavouring is chosen. Poor chocolate will have a low cocoa mass, added vegetable fats, too much sugar, less good flavourings.

If you mind about the quality of chocolate learn to read the labels. The higher the cocoa mass, the lower the quantity of vegetable fat, the better the chocolate. A good plain chocolate shouldn't have a cocoa mass lower than 50 per cent - but you will have to look hard and possibly (depending upon where you live) travel far to find it. By these standards the best chocolates on the market are Bendicks bittermints - they have a 95 per cent cocoa mass, which explains that ineffable bitter taste that fans get addicted to.

Milk chocolate, inevitably, has to have a lower cocoa mass and so fans should look out for a maximum of 31 per cent cocoa solid and some really quite good milk chocolate has only about 20 per cent. (The highest I have been able to find is Marks & Spencer's milk chocolate which has 31 per cent).

Cooks who are addicted to the sensuous pleasures of dark chocolate marquise, souffles, truffles et al might like to known how to get hold of the best plain dark bitter chocolate. Harrods does its own bar which has a 60 per cent cocoa mass - £2.10 for a 125 gram bar. Plain dark Bourneville, which I have been using until now, I was amazed to discover, has only 34 per cent. After that, says Harrods, the next best it offers is Lindt best with a cocoa mass of between 38per cent and 40 per cent.

At Rococo, 321, Kings road, London SW3, where all the chocolate (including, confusingly, the Swiss chocolate) is made in England they sell their own bars of plain dark bitter chocolate with a cocoa mass of 52 per cent (85 grams for £1.20). A brand called Valrhona has a Noir des Iles with 56 per cent at £2.60 for 100 grams, while the Amer Special Gastronomie (ideal for making something delicious like a Chocolate Marquise) has a 61 per cent cocoa mass and costs £5.40 for 250 grams (nobody ever said the best came anything but expensive). Finally, Rococo sells tiny, tiny squares of a very dark bitter chocolate called Carre de Guanaja ("le chocolat du marque le plus amer du monde" as it boasts on the label) with a cocoa mass of 70 per cent for 20p each.

At Charbonnel et Walker, 1, The Royal Arcade, 28, Old Bond Street, London W1, they sell their own bars of plain dark slightly bitter chocolate with a 55 per cent cocoa mass -¼lb bars are £2.15, ½lbs ones, £4.35.

Charbonnel fans also love the dark little langues de chat, (55 per cent cocoa mass), ¼lb for £4.35. Also famous are their square boxes of sticks of dark chocolate with minty crispy bits in them - £5.85 for ½lb. Charbonnel is also the place for those romantically-inclined swains whose notion of loving gesture is to give their true loves boxes of chocolate with their names spelt out in chocolate - choose the centres according to your true love's known predilections, and you can have them delivered to the door in London or sent by mail elsewhere.

Thornton's is another good name for the true chocaholic to look out for. This once small family firm has dedicated itself to taking fine chocolates into the wilderness areas of Britain and there are now some 270 branches. I haven't always cared for much of what they do but there is now a top of the market range called "Hand-made chocolates of distinction" - with a cocoa mass of 48 per cent for the plain, 20 per cent for the milk, they have a shelf-life of just seven days, have fresh cream in them and should be scoffed fast (no messing about with that dreadful business of being allowed just one chocolate a day after dinner) £2.25 for 4oz, self-selected and packed in front of your eyes. Thornton's also does a plain dark bar - 65p for 100 grams, cocoa mass 44 per cent.

More bringers of good chocolates to the masses are Marks & Spencer, though their champagne truffles are somewhat disappointing. As Helge Rubinstein puts it, "they have that cloying texture that sticks to the roof of the mouth, the sure sign of too much vegetable fat" and have a cocoa mass of 30 per cent for the plain, 20 per cent for the milk. Better turn to their Belgian chocolates which have a cocoa mass of 50 per cent for the plain and 35 per cent for the milk. Made with fresh cream, don't buy them now if you're going to give them for Christmas - buy them as close to the day as you dare and make sure your card says eat as fast as you can.

As food writer **Peter Fort** puts it: "It is a post-James Bondish test of your grown-upness to know your way around life's little luxuries. Caviar should be royal Beluga, chocolates Belgian." Now that shops purveying the heady delights of these plumply, sensuous, creamy confections are springing up everywhere, we no longer have to make it to Brussels or Harrods to discover what the experts have been on about. Names to look out for are Leonidas (though these are only sold at seven addresses) and Godiva, or, if you still don't know what all the fuss is about go to Daskalides, 33, Monmouth Street, London WC2, where they will sell you just one at time. I can't do better than urge anybody interested in buying and, I hope eating, nothing but the best to learn to read the labels - it may seem a prosaic preparation for what is ultimately an irrational, sublimely sensual experience, but it's the only way.

As to the vexed question of what to drink with chocolatey delights, here is what **Edmund Penning-Rowsell** has to say on the matter.

Though the old conventions of "white wine with white meat" and "no red wine with fish" have largely lapsed, clearly one does want to taste the wine and strong-tasting food competes unfairly even with strong wines. The problem of accommodating a wine with a pudding containing chocolate - say a chocolate bavarois or mousse - is that they are so overwhelmingly sweet and leave a very thick coating on the palate, unlike garden fruit that may have some countervailing acidity. A Sauterne or a luscious German or Austrian wine would be completely smothered - and they are too good and often too expensive for that. However, Oz Clarke in his recently published Sainsbury's Book of Wine (£5.95) states firmly that chocolate dishes taste scrumptuous with wines made from the Muscat grape (Samos Muscat, Muscat de Beaumes de Venise, Asti spumante and Australian sweet Muscats for instance). Well, the experiment may be worth trying and at least the wines are inexpensive.

### QUICK TRUFFLES

A recipe from The Chocolate Book by Helge Rubinstein (£2.95, Penguin).

Very light and quick and easy to make' they are excellent coated in chocolate, but this is not essential.

Best eaten fresh, but may be stored in the refrigerator for up to two weeks.

**125 g (4 oz) plain or bitter chocolate.**
**125 g (4 oz) unsalted butter.**
**125 g (4 oz) icing sugar.**
**2 teaspoons instant coffee powder (optional).**
**2 teaspoons brandy, rum or liqueur (optional).**
**2 tablespoons cocoa powder or 125 g (4 oz) plain or bitter chocolate for coating**
**1 teaspoon tasteless salad oil.**

Melt chocolate (gently in a double saucepan placed over hot water, never over direct heat). Leave to cool. Beat the butter with the sugar until pale and fluffy. Beat in the chocolate and the coffee and any spirits or liqueur.

Refrigerate the mixture for at least half an hour until it hardens enough to be rolled into balls or small sausage shapes. Either roll these in cocoa, or melt the chocolate with the oil and coat each truffle in chocolate. Leave on foil to set.

# First find a well-bred turkey

Food for thought

SHOW ME an inedible turkey and I'll show you a poor cook. What's usually wrong - and there's quite often something wrong - is the quality of the cooking rather than the quality of the raising of the creature.

Dedicated supermarket-shopper I may be, but I usually buy my bird at the fishmonger's, where they hang crowded together in huge billowing white clouds, baring the slopes of their enormous powdered bosoms like Edward VII's dinner guests. The sight of the man fishing mine down with a hooked barge pole and holding it up for my inspection by its scaly purple feet brings me as near to the Christmas spirit as I am likely to get these days. I slap that great white breast in a proprietorial manner, as if the gesture told me something. Apart from this pleasant Christmas Eve ritual what are the advantages of getting my turkey at the fishmonger?

First of all, I get exactly the size bird I want, which is usually around 15lb these days. A great many errors of judgement are made in the matter of size. Turkeys come so big nowadays (up to and including 50lb monsters) that many seem to feel that a giant bird is a festive necessity. But these huge creatures are quite difficult to cook - if you have an ordinary oven there will be no room for anything else at all.

Unless you cook it for a very long time it will be half raw in the leg joints. Worst of all you will have immense slabs and sides of turkey to dispose of after Christmas day and that is a simply dreadful fate. Of course if you like eating turkey croquettes on Boxing Day, then on your own head be it. More to the point, do you like making turkey croquettes on Boxing Day?

Another serious problem with very large turkeys is that if they are frozen (and an awful lot of turkeys are) they can take about a week to thaw out thoroughly. I sometimes feel that the freezer chests in the supermarket which are so full of huge turkeys on Christmas Eve should carry a warning reading "Cannot conceivably be ready to eat on Christmas Day."

Now we are on to the subject of freezing: I don't care for frozen poultry at all, particularly the wet frozen kind. They really do contain quite a lot of water in their flesh and this seems to give them an unpleasant texture, at the same time rubbery and fibrous, flabby and dry in the mouth. Wet frozen are generally the cheapest kind. Dry-freezing is a bit better, but in my view the best packaged supermarket birds are fresh chilled ones.

These too are probably encased in a great plastic shrink-wrap which inhibits proper feeling of the creature. You should be able to feel if there's any "give" in the breast bone. A rigid bone means a middle-aged turkey.

Yes, yes, I hear voices crying, but will yours be a free-range bird? Well as a matter of fact it is sort of free-range: it will have grown up in the open air, though not exactly ranging round the farmyard. Can you imagine a farmyard large enough to accommodate a couple of hundred turkeys trampling about? If you feel strongly that only a really free ranging bird should pass your lips, better settle for a goose, the only bird, according to my fishmonger, which is really resistant to intensive farming (but not to intensive feeding though that's another matter).

This year I shall be ordering a bronze turkey. This is a special breed, rather like the ones the Pilgrim Fathers blasted from the trees with their primitive shotguns. They have black feathers as well as bronze, so the stubby, little quills left behind after plucking are black not white. I am told the flavour is exceptionally good. They are a little bit more expensive, but we all spend such a mountain on Christmas, why stint on the centrepiece?

One other thing before you cook any turkey. Do get a small sharp knife and wiggle out the wishbone before you start stuffing it. Whoever does the carving will have a trouble-free time and those long slices of white meat will simply fall away. If you want the ceremony of pulling the wishbone cook it separately - a few minutes in the oven will do.

**Peter Fort**

Jimmy Burns on the legacy of a barbarous regime

# Tonton and voodoo

Demonstrations in Haiti after the departure of Duvalier

**PAPA DOC, BABY DOC:HAITI AND THE DUVALIERS**
by James Ferguson. Basil Blackwell £14.95, 171 pages

HAITI HAS always been bad news. When Christopher Columbus first set foot on it in 1492, just before Christmas, he thought he had discovered paradise. But within 50 years some half a million local Indians had been liquidated in the Spanish gold mines and pre-Columbian culture had vanished from the island of Ayti?

Then it was the turn of the black slaves. They were brought in chains from West Africa. The slaves who did not die from starvation on route, were put to work on the sugar plantations where they were flogged and branded. Those who tried to escape were either shot or had their ears amputated with machetes.

And so the story continued, moulding social attitudes and turning violence into a political way of life. There were independence heroes and black revolutionaries, French and British 18th century colonial interventions, American 20th century "big power politics" where this Caribbean state became enmeshed in the kind of global machinations not even Columbus could have dreamed about. After the Cuban revolution, Washington stuck to its interests in Haiti like a leech.

Religion had a role, more important perhaps than any single character in Haitan history. Voodoo and the Catholic Church played out a spiritual tug of war, and Graham Greene wrote a novel about it all called The Comedians which underlined the island's pervasive atmosphere of fear and evil.

And today, 495 years after Columbus, Haiti remains viewed by the outside world as a place of unnerving and impenetrable bloodiness, the quintessential Heart of Darkness.

As the gruesome accounts of the election day massacre last month confirmed, when it comes to writing about Haiti, literature and journalism have become inseperable in depicting a nightmare of political violence and sinister religious rites.

In the timely Papa Doc, Baby Doc, James Ferguson is rightly conscious of the need to avoid stereotype. His book is a sober analysis of Haiti and its history. It should prove an illuminating read for anyone who is baffled by the ghastly events of recent weeks and wants to discover if there is any method in the madness.

As the title suggests, the bulk of this well-researched, if somewhat blandly written, work focuses on the regime of the Duvalier dynasty that ruled from from 1957 to 1986 and which has stamped many of the popular perceptions of the magic island.

The account of how Papa Doc and subsequently his son Baby Doc consolidated their grip on Haitian politics provides a fascinating insight into the working of a tyranny: its use of terror and corruption as the twin instruments of power, and its ultimate self-delusion.

When Greene published The Comedians, the Haitian government brought out a pamphlet insisting it was a country of progress and democratic freedom. It accused the novelist of being "unbalanced, sadistic and perverted". It was about this time too that the elder Duvalier had the Our Father rewritten for use in schools: "Our Doc, who art in the National Palace for life, hallowed be Thy name by present and future generations..." the new text read.

As one would expect from a researcher of that respected, if ideologically committed, London based think-tank, the Latin American Bureau, Ferguson is at his most vigorous and critical in describing the inner machinations of the Duvalier regime. Far from being a tinpot dictator of a banana republic, Papa Doc was a skilful operator, dividing and ruling the Church and the military, the only two institutions capable of challenging him. He also encouraged a relationship between his murderous local militia the Tonton Macoute and institutionalised voodoo which contributed to an atmposhere of supernatural power.

As Ferguson notes, Duvalierism was not an isolated aberration, but was the product of certain well-established patterns and conflicts within Haiti's history. Moreover he makes the valid point that Duvalierism was itself not an immutable phenomenon.

Under Baby Doc, the regime tried to change from within, shifting its alliances and flirting with a process of liberalisation. The young Duvalier was toppled in February 1986 by a "popular" uprising of disparate elements of discontent but Ferguson suggests Duvalierism was able to survive under a different guise.

The author argues that Haiti remains in a pre-revolutionary situation. And yet he finds it difficult to identify with any certainty from where the future revolution may emanate. Such a political limbo bodes ill for the future of this Greene-land.

*A revised edition of Jimmy Burns's "The Land That Lost Its Heroes: Argentina, the Falklands and Alfonsin" has just been published by Bloomsbury in paperback at £5.95*

Robin Lane Fox on the secret of strong leadership

# Man in charge

**THE MASK OF COMMAND**
by John Keegan. Jonathan Cape £12.95, 366 pages

"A RATIONAL army," remarked that acute critic, Montesquieu, "would run away." John Keegan wishes to show how commanders persuade their troops to be irrational. He picks four famous leaders, Alexander the Great, the Duke of Wellington, Grant and Hitler. Armed with these examples, he draws conclusions about the art of leadership and tries, finally, to relate them to our era of nuclear warfare.

On such a theme, it is hard to play a four-card hand successfully. Great commanders' fame rests on a difficult compund of character, particular decisions in particular circumstances and downright luck. The luck and the decisions can only be done justice by a very careful narrative of individual episodes; style and character can be compared with broader brush-strokes. John Keegan is drawn into re-telling often-told aims and exploits (Hitler in Russia; Alexander in Asia) and then has to pull back to dwell on particular themes (staff, personality, communications). I found the changes of focus unsatisfactory. The narrative does not have the space, or perhaps the depth, to bring out the full weight of decisions and timing. The themes are related in each career, but they would have moved faster in chapters drawing comparisons between generals. I find Keegan's style exhausting. It reads like a text to be declaimed with gusto to a captive audience. Symptomatically, he likes to divide the subject of a sentence from its verb with a long qualifying clause. I felt I was being harangued, not excited.

The publishers present the result as a "masterpiece of human and historical understanding." I think it has different merits: enthusiasm, four fascinating characters and a good range of secondary authorities who can be quoted or combined for the author's purpose of the moment. I found the method and conclusions conventional, of a piece with the conservative assumptions which poke through, begging questions, during the narrative.

"The Mask" amounts to four arts: what Keegan calls kinship, sanction, example and prescription. In plain English, they are not too surprising. According to Keegan, commanders ought to appoint officers whom their men respect and like; they need to punish misconduct; they ought to share some of the risk and dangers which they ask of their troops; they must be capable speakers, able to explain why risks are necessary.

The latter two arts went disastrously out of fashion in the First World War, but I had hoped to find more to The Mask than this straightforward quartet. It is obvious to almost everyone that Hitler had no genuine gift for military command; it is more obvious to Keegan than to me that Alexander was somehow "theatrical". A less virtuous art, heavy drinking, was present in two of this book's commanders, Grant and Alexander, and it was rampant in the army of a third, Wellington, though not in the abstemious Iron Duke himself.

Of the individuals, I was most intrigued by Grant and felt that Keegan was at his best in the American Civil War. Broad, clear pages link the evolution of war and society, from gunpowder to rifle-fire, levies to standing armies and changes in the type of the officer-class.

Earlier, I found no new perspective on Alxander and felt some large questions were begged: true, he fought in the front line, like a bold hero, but his army would have gone nowhere without a lethal grasp of the practicalities. Keegan seems to know rather more about this period than the rest of us think we do. I was amused by his contrast between Aristotle's school in Macedon (of which we know nothing) and Wellington's Eton (which he misjudges):

" Eighteenth century Eton was impersonal and arbitrary...it offered, of course, scarcely the same environment as Aristotle's academy. There was no hardy hunting of big game, no cult of nakedness and the body.."

Is victory everything, or does it also matter by what tactic you win ? Aged 25, Alexander waited for months until the Persian king had amassed a huge army which represented his entire empire. He then marched straight at it with far fewer troops, planning to knock down an entire kingdom in one fight. Montgomery, by contrast, only wished to engage battle when he vastly outnumbered his enemy. Neither was defeated, but which was the better commander? Keegan does not confront this difficult question head-on: emotionally, I would rather follow Alexander, but I had hoped this book would have caused us all to think again.

Tariq Ali: telling how he tried to join the Labour Party

# Top rebel looks back

**STREET FIGHTING YEARS: AN AUTOBIOGRAPHY OF THE SIXTIES**
by Tariq Ali. Collins. £12.95, 280 pages

ARE THE Sixties just a hype or did they actually happen? Nostalgia and history are hard to sort out.

Like the author of this book, I went up to university in 1963. I remember more essay crises than swinging parties, more Nescafe than pot. But a few of my contemporaries were much in the news. Tariq Ali was one, a symbol across the generation gap of privileged dissidence. In this evocative, entertaining and fascinatingly tunnel-visioned memoir, he describes what it was like.

Ali's credentials were always solid: an early memory of his childhood in Lahore is of his mother crying at the news of Stalin's death. His father was a left-wing and courageous journalist, battling against the censor in post-independence Pakistan.

By the time Ali came to Oxford his hostility to all capitalist establishments was fully formed, and he did not find it hard to switch from the corrupt regime of Ayub Khan to the crumbling administrations of Macmillan and Douglas-Home.

Oxford politics in 1963 were in a state of remission. Unilaterism was over, Vietnam protest had not begun. Ali, a rowdy yet unusually gifted speaker, joined in the tribal jollities of the Union Society. Then came the Wilson government, and political opportunity. Ali's election as Union President in the summer of 1965 marked a sea-change in undergraduate activist opinion, linked to the rise of the intellectual new left and a growing dislike - which has never abated - among middle-class progressives for the Labour Party and all its works.

The Economist summed up Labour policy at the end of 1966: "Bomb the Communists in Vietnam, keep blacks out of Britain and bash the unions". The parliamentary left wing seemed not so much inert as a dead duck.

"Surely", Ali asked Michael Foot at a Socialist Group meeting, "if right wing MPs like Wyatt and Donnelly can stop the renationalisation of steel by threatening to vote against the government, why can't the left do the same on Vietnam?" There were angry shouts when Foot pleaded that Socialism would have to wait until Labour had a bigger majority. Stung, Foot shouted above the din: "Harold Wilson is the most left wing Prime Minister this country has ever had or is ever likely to have". Alas, the story is believable.

Ali's election coincided with the arrival of the Vietnam war as an issue of British political interest, and it turned him - if never quite into a national student leader – at least into the media's image of what one ought to be like: angry, alien and upper-class.

At Oxford, Ali's notable achievment was the staging of a Teach in at the Union on Vietnam. Heady stuff! Friend and foe - glittering names all - were paraded before the youthful jury. I recall Tariq Ali slouched contemptuously in the presidential chair as Henry Cabot Lodge, flown in by the State Department, spouted platitudes at an incredulous and noisy floor.

For a generation of students, Scarfe's famous cartoon of Wilson licking Lyndon Johnson's backside said it all. Ali helped to channel the mood - organising the Vietnam Solidarity Committeee, as campus revolt gathered pace. In a decade swept by fashions, his brand of ultra-leftism was briefly a la mode - but his campaign against British support for American aggression aroused the sympathy of many who had no interest in his visions of the apocalypse.

As Vietnam receded, some of those involved moved on. Ali, permanently identified in the public mind as a British Dutschke or Cohn-Bendit, was not one of them. Instead he remained committed to the Trotskyism the student movement had inspired in him, and became a roving supporter of international revolution, pursuing it from Hanoi to the Bolivian jungle.

In the early 1980s he applied, unsuccessfully, to join the Labour Party. This book, however, does not suggest much interest in, or awareness of, domestic troubles. Who or what does its author represent? There seems to be the notion of a higher truth, to be revealed in the wake of coming collapse. There is also, and sadly, the sense of a needle stuck. Nevertheless, those "street fighting years" were bold and idealistic and it is hard to read about them without some slight feeling of admiration and even envy at the energy and arrogance of it all.

**Ben Pimlott**

# Cheers to the Rastas

**TALES FROM TWO CITIES**
by Dervla Murphy. John Murray. £12.95, 310 pages

THE VILLA Cross was Dervla Murphy's local pub in Handsworth, Birmingham, near the room she rented while she observed life in this most multiracial of our inner cities. It was Rastafarian territory, used for dealing in ganga (cannabis). Remarks like "What you hanging about here for? How many years you waiting for a Black man?" were some of the more polite forms of harassment she suffered in order to sit in her corner, drinking cider and making notes, protected only by her Irish charm and a certain middle aged naivety.

Previously she had travelled in India, Nepal, Ethiopia (useful to recount to Rastas who think of it as their homeland) and Peru. She probably never met as much hostility there, nor had more heartbreak to relate. She was in Handsworth at the time of the 1985 riots, witnessing the incident which sparked them, and in the Manningham district of Bradford, largely peopled by Mirpuris from Azad Kashmir, many of them devout Muslims, at the time of the Honeyford affair. She became friends with both Ray Honeyford, the headmaster who eventually was retired, and the leader of the school action committee which wanted to oust him because of his views about education in a multi-racial society. She could be criticised for sitting on the fence on this issue, as on the vexed question of whether smoking cannabis should no longer be a criminal offence.

On the other hand, by listening to and recounting all the arguments she shows how complex it is to make decisions about them. Her reportage of more dramatic incidents is compelling but her day-to-day coverage of life in our inner cities will stay longer in the memory whether she is telling the story of a 16-year-old bride from Mirpur in an alien land, or of members of a Pentecostal congregation who still sing for Jesus on Sundays while their disaffected young hang round the streets.

This unconventional book is better than any race awareness course, both in exposing the way racism is built into British institutions, not to mention many British people, and in showing the diversity of the people whom we now call ethnic minorities, all with their own strengths and often rivalries.

Dervla Murphy's Handsworth locale included an Afro- Caribbean Centre, a Hindu temple, a Vietnamese Centre, a Sikh supermarket, a Gujerati newsagent, a Mirpuri greengrocer and Bangladeshi families. She cheerfully ignores the standard race relations usage by which people of Asian and other non- Caucasian origin are called black to show solidarity against oppression. She calls people from the Indian sub-continent Browns and attempts to discuss the old issue of colour prejudice which lately has been pushed out by political discussion.

One of her Rasta friends, warning her about approaching trouble, said: "That day people won't be thinking, only feeling." The great merit of this moving, often amusing book, is not that it offers many solutions but that it does enable us to understand that feeling.

**Sarah Preston**

Fiction

# Strange Swede

**THE MESSIAH OF STOCKHOLM**
*by Cynthia Ozick.* Andre Deutsch. £9.95, 144 pages

THE GERMANS have a word for it; the English, and for that matter the Swedes, are more prosaic. Neither *homesick* nor *hemsjuk* quite match up to the German *heimweh* - leave it to the Germans, says Cynthia Ozick, "to pull out, like some endless elastic belt of horrible sweetness, all that molasses woe."

The Messiah of Stockholm, in which linguistic wizardry is a mere sideline, distils into a short and fantastic tale the essence of that "horrible sweetness": rootlessness and the muted pleasure of nostalgia, alienation and the open range loneliness gives to the imagination.

Lars Andemening, the third (of three) book reviewers on a third-rate Stockholm daily, came to Sweden as a Jewish refugee during the war.

Forty years later, his only concession to that "secret language", unspoken by anyone outside his adopted country, has been to pluck his own surname from the pages of a Swedish dictionary, apparently at random.

The one he hit on, meaning inward sense, is singularly appropriate; a loner, he lives mainly under his quilt, fantasising about the Central European authors whom he reviews in translation ("No more Broch, no more Canetti, a little Kundera goes a long way," his editor finally tells him in despair).

"Untouched by the comic muse," Lars has an instinct for the heavyweight; his colleagues and his creator strike a delightful balance in pulling him down to earth, jibing at his literary obsessions.

One *idee fixe*, however, refuses to die. Fatherless, Lars has persuaded himself that he is the illegitimate son of the Polish writer Bruno Schulz, who was brutally murdered by the Nazis in his home town of Drohobycz in 1942.

Confiding his paternity to a friendly German bookseller called Heidi gives Lars access to Schulz's letters and published works, and to a Polish exile who teaches him to read them.

This, however, is not enough - what Lars really hankers after is the lost manuscript of Schulz's last work, The Messiah, missing since the time of his death.

*Could* Lars possibly be Schulz's son? And when, lo and behold, The Messiah does turn up, is it a masterpiece or a forgery? And what about the woman lugging it around Stockholm in a carrier-bag - is she, as she claims, Schulz's daughter, or some impostor roped in by an even shadier wheeler-dealer?

The truth, in this subtly crafted novel, ebbs and flows, perspectives shift almost mockingly as Ozick scratches away at the layers of her characters' lives, with the bitter Stockholm winter hanging over them, the darkening sky "an eggshell shielding a blue-black yolk", she allows them little pockets of warmth.

Lars, victim of his own voracious quest, is "captive of a great bowl of dough"; seeing the manuscript is like 'copulating with an angel whose wings were on fire' - only for them to close up again in mystery.

But like her hero, Ozick makes a virtue out of what she calls cultishness. Sorcery and theatricality, as well as gritty realism, line the road to self-knowledge here so successfully that even the normal seems uncomfortably enigmatic.

Returning to the "stewpot" of everyday lifemay alleviate other longings, but the intensity of Ozick's prose makes it a much less attractive place to be than her familiar terrain of fantasy.

**Jackie Wullschlager**

# Diggers and pen-pushers

Archaeological books I have been excavating recently have some splendid finds.

First, Kathleen Kenyon's **The Bible and Recent Archaeology** as revised by P.R.S. Moorey (British Museum Publications, £9.95, 192 pages) explains sensitively and with authority how the latest news from the Holy Land trenches alters views of the OT and NT. A highly recommended, much needed, fresh synthesis.

Then George Henderson's **From Durrow to Kells** (Thames & Hudson, £35.00, 224 pages) reveals the flowering of Christianity in early Britain that produced the glorious Lindisfarne Gospels and the Books of Kells and Durrow. He takes all the evidence to make an exciting cultural history of what used to be the Dark Ages. They are dead now.

For over 20 years Colin Renfrew has been a mover and shaker of archaeology. Now he has turned to the intangible, perhaps reflecting his interest in minimalist art, in **Archaeology and Language** (Jonathan Cape, £16.00, 346 pages), which I have enjoyed enormously. It is a racy read, with unusual breadth of vision. Renfrew charges at the great problem of how there came to be related Indo-European languages from Ireland to India. His solution is to link the diffusion of early forms of I-E languages to the spread of farming, a snail's pace event as Neolithic farmers slowly went west to clear new fields. (A modern accelerated version is the spread of the same languages across North America.)The best find of the season, especially for those who want some intellectual stretching over the holidays.

Owen Beattie's and John Geiger's **Frozen in Time** (Bloomsbury, £12.95, 180 pages) tells the bizarre and sad story of what went wrong in Sir John Franklin's attempt on the North West Passage in the 1840s. This could be a sobering gift for those considering a polar trip. It has bravery, cannibalism and lead poisoning (from early, badly sealed tin cans), and exhuming sailors. Arctic permafrost preserves bodies better than Egyptian sand.

Ian Cameron's **Lost Paradise** (Century, £14.95, 248 pages) is about warmer exploration in the Pacific. From continental drift to Gauguin, there are *fascinating* illustrations and plenty of information; but the style is banal.

Thor Heyerdahl's **The Maldive Mystery** (Allen & Unwin, £12.95, 323 pages) explores the history, Islamic, Hindu, Buddhist and earlier, of the Maldives, where he found many new clues to life and trade on the Indian Ocean rim. Heyerdahl has a keen ear for conversation:

"A *phallus fragment!*" he exclaimed. "I wrote my thesis on prehistoric phallus distribution, so I know what this is!"

English urban history is humbler, but still fruitful in **Underneath English Towns** (Batsford, £19.95, 160 pages). Martin Carver, the present excavator of Sutton Hoo, shows what digging adds to the picture. The gazetteer is useful.

Timothy Darvill's **Prehistoric Britain** (Batsford, £19.95, 223 pages) tackles earlier times. It is a book that needs rewriting every five years, preferably by somebody fresh, to cope with the pace of new finds, new theories and new analyses. Darvill's attempt is excellent and readable, and informed by a love of the land. His theme is how ancient people adapted to being here. For sixth formers onwards.

**Gerald Cadogan**

# Contrivers of the slide

**THE NINE BEARS**
by Edgar Wallace. Greenhill Crime Classics. £8.95, 256 pages

HERE IS a piece of real nostalgia. *The Nine Bears* was first published in 1910 and now makes a welcome re-appearance in Greenhill's Crime Classics list, which already includes works by such authors and Conan Doyle and G.K.Chesterton.

The work of the old-style bears in fixing the stock market makes modern insider trading pale into insignificance. They traded in the knowledge that disasters are certain - they have arranged them.

They follow their grand coups with a piece of international blackmail involving piracy on the high seas. Nostalgia abounds, from battleships to stockbrokers in top hats, and right, in the form of T.B.Smith of Scotland Yard, prevails.

It is all tautly structured in real journalist's style, with not a word wasted.

**PEL AND THE TOUCH OF PITCH**
by Mark Hebden. Constable, £9.95. 220 pages

THIS IS the twelfth Pel book and it is even more enjoyable than its predecessors. The Gallic humour and the subtle dialogue make this new story of the morose French policeman a joy to read.

There is a crime wave on Chief Inspector Pel's Burgundian patch. The area is awash in forged paintings, a man is murdered and then a government minister is kidnapped.

Pel is taken off the kidnapping case when an investigating team arrives from Paris. This leaves him with only a few subordinates to deal with the other crimes, but you can't keep a good flic down and Pel finds a link between all three cases and sets out to solve them all.

The book is filled with the sounds, smells and tastes of France. It is a must for the growing number of Pel fans and other assorted Francophiles.

**Brian Ager**

# CRIME

**DISPLACED PERSON**
by John Buxton Hilton. Collins, £9.95 183 pages
**VILLAINS**
by Peter Whalley. Macmillan. £8.95, 185 pages

IN Displaced Person, Superintendent Kenworthy is called out of retirement and invited to Paris, to help the French police in the investigation of a blackmail murder case.

One of the suspects is a woman Kenworthy knew during the war, so a large part of the novel unfolds in flashbacks, giving the work a somewhat sprawling shape. But the milieu is described with assurance and telling detail; the war is evoked convincingly, and the novel - as the Frenchies say - lets itself be read.

In Villains, the ex-con Harry Sommers, now a respectable private detective, takes his schoolteacher girlfriend to the south of Spain for a hoiday in the sun. The basking palls as they encounter a group of crooks in exile, one of whom is apprarently murdered. The wake of these Spanish events follows them back to London and, among other things, comes close to destroying the couple's relationship. But Harry works it all out, regains the patient Jill; and now they are all ready for another adventure.

This volume is the third in a series, now well-established. Peter Whalley is an amiable writer of spare, no-nonsense prose.

**William Weaver**

# Kenyan youth

**THE LAST OF THE MAASAI**
by Mohammed Amin, Duncan, Willetts, and John Eames. The Bodley Head. £22.50, 192 pages

EARLIER this year President Moi warned that there was no place in modern Kenya for young men to spend half the day adorning their hair. He was referring to the Maasai whose young warriors (moran) divide their time between warrior rituals and creating elaborate plaited and ochred coiffures. It is incredible that to date the Maasai have been so little touched by modern Kenya and Tanzania. In both countries their cattle rangelands are within miles of major towns - yet their customs and rituals continue virtually undented.

Mohamed Amin - famous in Europe for his moving Ethiopian famine newsreel - and Duncan Willetts, both of the Naiorbi Camerapix agency, are basically journalists, as is writer John Eames. They set out here to record what they fear may be the last days of the Maasai before adaptation to the twentieth century is forced on them.

The heroes of the book, as of the Maasai culture, are the young warriors who clearly revelled in being photographed. We see them dancing, parading, laughing, guarding cattle, and in full battle dress. One - passing from moranhood to elder status - is pictured in floods of tears as his hair is shaved to suit his new elder role. Such pictures deserve better captioning than, for example, "These Beau Brummels of the Bush..."

Nor is there any discussion of why pastoralists are now so threatened, though the book's readers - many of them likely to be tourists - would probably be interested to know that it is tourism that poses the most serious threat to the Maasai whose grazing lands have been restricted to protect game parks. In Tanzania tourists have even been killed by angry moran.

Last Days of the Maasai joins a host of "disappearing Africa" coffee-table books, and is not one of the best.

**Barbara Gunnell**

# Salutary times

BRITISH ART is not always as parochial as we tend to think. Not quite, at least. A salutary reminder of this are the drawings engraved in the Graphic magazine that were assiduously collected by Van Gogh, and are now on show in *Hard Times* at the Manchester City Art Gallery. These novel, striking, and seemingly authentic images of working class life and poverty - primarily by the triumvirate of Fildes, Holl, and Herkomer - proved a profound influence on the artist's early work. The lithographs they inspired, including "The Potato Eaters," plus the famous painting of a pair of boots, are also on loan to Manchester from the Van Gogh museum in Amsterdam.

However, it would be wrong to assume that the aim of Julian Treuherz's exhibition, the first devoted to social realism in Victorian art, is to place this aspect of Victorian painting - by no means a coherent school - into a European context. Rather, the paintings are set against a background of burgeoning social realism.

It seems that the notion of a two-nation Britain was as dear to the hearts of the Victorians as it is to today's politicians. The plight of the poor was exhaustively examined by Parliament, pamphleteers, novelists, journalists, and cartoonists from around 1830 - and, from the "hungry forties," by painters too. The only social ill we are spared in this fascinating survey, for some reason, is prostitution.

From the beginning, the relationship between graphic art and fine art is revealing. Cruikshank's hugely successful print series "The Bottle" is both more realistic in its portrayal of wretched living conditions and more formally inventive than the few social realist canvases painted in the 1840s. But, as Cruikshank was the first to admit, this was not "art." It took the Graphic, a general interest magazine founded in 1869, to pave the way for the acceptance of hard hitting social realism as a suitable subject for painting. The magazine was the first to employ talented young artists instead of the usual hack draughtsman, and send them roaming the streets for their subjects which were then printed full size alongside illustrations of "society" events.

Moreover, many of the great social realist canvases of the 1870s began life in the Graphic: Fildes "Applicants for Admission to a Casual Ward" (the most harrowing of them all), Herkomer's death of a Chelsea Pensioner, called what else but "The Last Muster," and its equally compassionate feminine counterpart "Eventide," set in a Westminster workhouse. Yet, significantly, the old crones and the miserable asylum in the latter canvas were cheered up in translation.

The printed word proved even more influential. Richard Redgrave and G.F. Watts were the first Victorians to paint the poor and the oppressed with any degree of frankness and humility, but both took their inspiration from literature rather than life. Redgrave's famous "1848" is based on Thomas Hood's poem Song of the Shirt, and Hood's The Bridge of Sighs probably inspired Watts's impressive "Found Drowned". The writings of Carlyle inspired Ford Madox Brown's "Work," the first major canvas to show street characters observed from life and without forced pathos, and its rustic equivalent, Henry Wallis's intense and moving "Stonebreaker."

Most telling of all, is Fildes' depiction of "Casuals," which he claimed was based on a scene he witnessed in Portland Road. His "slash and dash" brushstrokes weave just the damp grey cobweb around the huddled frozen figures that Augustus Mayhew (Henry's brother) describes in an earlier novel. Julian Treuherz has unearthed a number of interesting new literary sources for pictures in the exhibition. What is surprising to discover is that

**A timely antidote to a view of Victorian society coloured by Tissot and Winterhalter**

even painters purporting to draw from life depended on literary allusion as much as other Victorian artists.

When depicting new modern moral subjects both Redgrave and Watts looked to traditional religious iconography for their imagery. The sempstress labours away at dawn in a solitary garret (not a more likely overcrowded sweatshop); her swollen red-rimmed eyes roll heavenwards like those of any Baroque saint. The monumental group of figures in Watts's "The Irish Famine" relate to Michelangelo's "Ancestors of Christ." Religious imagery persists throughout the period, reappearing most notably in 1885 in Herkomer's "Hard Times," a tragic destitute family sinking exhausted by the roadside, a Rest on the Flight.

Most artists borrowed from a more recent art historical past. The mantle of Wilkie was never entirely overthrown in the Victorian era. In the 1830s and 40s we see the serious problem of mass emigration dealt with by tearful farewells in picturesque humble cottages. Thomas Faed, admittedly an impressive painter, softens the harsh and ugly realities of poverty to the extent that his rustic hovels, ailing and barefoot children prove more charming than distressing. Even his young roadsweeper sleeping rough in the city cannot escape a picturesque formula derived from London "Cries." His affecting sentiment becomes sentimentality in Thomas Kennington's "Widowed and Fatherless" of 1888.

One of the revelations of the show, for me, is the impact of the Dutchman Jozef Israels on Victorian painting. His dirge-like "Fishermen carrying a Drowned Man," the success of the 1862 exhibition in London, has an epic scale and tragedy normally reserved for history painting. Frank Holl, particularly, absorbed Israels' subjectmatter (grieving wives and mothers), breadth, and sombre palette, and his dependence on mood rather than anecdote for emotional impact. His astonishingly bold handling of paint and harsh chiaroscuro is the other revelation. "Newgate," based on characters he saw during a visit to the prison, measuring 60in by 83in, is his tour-de-force and one of the most impressive works on display.

If Holl's canvases are painted with a breadth uncharacteristic of Victorian painting, Hubert von Herkomer's vast canvases are more daringly composed. A device of rushing perspective is created by expressively bare boards and sweeping roads. Holl chose to paint the women left behind by emigrants in "Gone." Herkomer, himself an immigrant, depicts the squalid conditions they meet on arrival in New York, in a remarkable canvas seen for the first time in this country. This is a great strength of the show, the bringing together of both major and minor works by marvellous artists like Herkomer and Holl as well as minor masterpieces by little-known provincial painters.

Social realist subjects remained only one aspect of the output of Fildes, Holl, and Herkomer, and held an even smaller place in Victorian art in general. In 1874, for example, only four pictures out of 1,433 fell into this category.

Critics continued to lament these epic kitchen-sink canvases, and question the propriety of such subjects for art that was, after all, to hang on drawing room walls. Nevertheless, the public adored them. Fildes's "Casuals" is one of only three paintings to need police protection at the Academy; Agnew's sold more copies of the photogravure of his "The Doctor" than any other print. They also proved surprisingly saleable to avant-garde collectors and newly founded public art galleries.

If this were a stage production, I doubt that the promise of unrelieved misery would fill many seats. But judging by the absorbed look of the visitors to the exhibition, the appeal of narrative painting in Britain is still as strong as ever.

The exhibition continues at Manchester City Art Gallery until January 10, before moving to the Rijksmuseum Vincent Van Gogh, Amsterdam (January 24-March 13) and the Yale Center for British Art, New Haven (April 6-May 29).

**Susan Moore**

"Gone," 1877, by Frank Holl

# Unpotent potion

FESTIVE OPERA at Covent Garden this Christmas consists of the new *L'Italiana in Algeri*, and the revival which opened on Thursday of John Copley's 1975 staging of *L'elisir d'amore*. The Copley fingerprints are everywhere in this production's preoccupation with trivia – not in the mysterious, signifying sense of a Berghaus, but as a profoundly trivial way of decorating an otherwise perfectly standard realisation. The shortcomings of such an approach are revealed most painfully in the kind of routine revival that this one proved to be. Assembling a heterogeneous cast, each of whom arrives with his or her stock characterisation, and expecting a fabric built out of detailed gestures and inconsequential business to survive is clearly to expect too much; this evening had about as much Donizettian sparkle as last week's liver salts.

How much of the disappointment was a consequence of perhaps limited rehearsal, how much informed by Silvio Varviso's tidy but verveless conducting, how much by the restrictions placed on Stephen Lawless in attempting to re-rehearse a staid production, was hard to judge. The painterly cut-outs of Beni Montresor's settings continue to look well enough, but they imply acting of much sharper focus than they were forced to counterpoint here.

The disappointment was sharpened by the potential of the cast that had been assembled. Only Gino Quilico, a tendency to hector aside, fulfilled that potential; his Belcore, authentically virile, comically adroit, enlivened several passages that would have drifted aimlessly in lesser hands. And the Adina of Yvonne Kenny, cleanly and elegantly sung, promised at times to flower quite charmingly, but never quite made the conceptual leap from theory to live practice. Denes Gulyas's Nemorino seemed so uneasy, so vocally effortful, that one suspected an unannounced illness; Linda Kitchen's Gianetta was bright, pert, but ultimately tame.

Which leaves Enzo Dara, taking the niche in the production originally created for Geraint Evans as Dulcamara. Dara is a well-grooved actor, his comic routines, doubtless transplanted from previous incarnations of the role, are professional and possibly amusing. His problem in this context is that the conception really demands a larger-than-life portrayal of the Evans kind, someone who will go over the top as unashamedly as he did. Dara does not do that, and so he slides into the undifferentiated decorousness inhabited by everyone else.

**Andrew Clements**

# Brel's voice

LOVE AND death are always with us, not least at the Donmar Warehouse in Covent Garden, where Bill Bryden has packaged the songs of Jacques Brel into a sardonic commentary on the subjects.

Brel was an authority. Born in Brussels, he was the voice of Paris during the '50s and '60s when the scent of existentialism and Sartre, intellectual bars and Piaf, still lingered. He lived hard and died youngish in 1978. His songs suggest they were torn out of his own anguish. Occasionally they almost cry out for parody, but only because Anglo Saxons are embarrassed by gallic passion playing. Frequently they stun with their poignancy and depth of feeling.

At least they do in this excellent little show, which rescues Brel from the clutches of Shirley Bassey and all those brassy divas who translate his more excitable songs into phoney show stoppers. Here the staging is simple: a November courtyard somewhere near Pigalle with dead leaves and cafe tables for the first half when love wrings its cynical changes. A grand dinner table for the second, a fine setting for death and despair.

There are three singers. Sian Phillips is the experienced woman, who gets such stirring songs as that sailors lament "The Port of Amsterdam" and such melancholic reveries as "Le chanson des vieux amants." There is Alexander Hanson who is allowed to convey the bitter humour that radiated Brel in songs like "Zangra," about a decaying military man, and "Madelaine," the pathetic reverie of a dangled lover. And, best of all, there is Kelly Hunter, who deserves Brel's two finest works, his anti-war tirade "La colombe," and "Ne me quitte pas," the one Brel song known to every bar room balladeer.

Bryden, who shares the conception of the show and the direction with Sebastian Graham-Jones, keeps it clean, with minimal theatrical business. When it is used – the two young ones in a drunken dance during "Amsterdam;" some seductive posturing by Miss Phillips and Hunter while Hanson sings "Les filles et les chiens" in which he destroys his arguments by preferring women at the end – it is the more compelling. There is an especially effective barnstorming finish with "L'air de la betise," an almost Mozartian piece. Somehow the French lyrics seem the more profound, but there is plenty in English with new translations by Bryden, Rod McEwan and Linda Thompson, among others. Duncan Browne leads an effective musical quartet.

There is one other voice heard, a snatch of Brel himself cutting into what could become too cosy a celebration. He sounded light and cynical and, well, foreign, something of an interloper at this thoroughly enjoyable and civilised celebration of second hand emotion.

Alastair Muir

**Sian Phillips**

**Antony Thorncroft**

# Rattle & Stern

ON THURSDAY Simon Rattle led his Birmingham forces in another triumphant assault on the capital. It was well planned: with Isaac Stern bearing Henri Dutilleux's new Violin Concerto (commissioned for him by Radio France), the City of Birmingham Symphony opened their campaign at home, marched to Warwick University and only then came on to besiege the Barbican. The result was a superbly prepared concert, such as a London orchestra manages every second or third blue moon; and in Stravinsky's *Rite of Spring*, the CBSO brass very nearly did bring down the walls.

The title of the new concerto, *L'Arbre des songes*, is in Dutilleux's customary poetic style, and so is the music. Like his other recent scores (particularly the quartet *Ainsi la nuit...* , it blurs the divisions between its several continuous movements with "interludes" that take the main drift off at odd angles: the last one has the orchestra mimic tuning-up. No less than in the earlier concerto for Rostropovich, *Tout un monde lointain...* , the solo role is dominant, rhapsodic and meditative. The basic material has a tone of civilised melancholy, at once potent and reticent, and is proliferated in ceaselessly varied forms (hence the "tree" metaphor of the title).

Yet again the result is unmistakably personal, but transparent and accessible. There are soft, suggestive background-washes, and plangent wind cadences which could almost be Honegger or even Dukas, and a cembalo and a group of other tinkling instruments which shadow and distort the solo line. The performance was beautifully detailed. Stern was expertly faithful, perhaps a trifle too business-like. An air of secretive fancy would become the piece – but everything is liable to sound forward in the Barbican, and the background-washes wanted more ambiguous distance too.

As, indeed, did Berg's *Lulu* Suite: Rattle made it finely clear and pointed, without much of the rapturous, haunted deliquescence that belongs to it. Nor did he find the elusive pulse of the opening "Rondo," which almost trundled where it should float and quiver; decadence isn't the CBSO's strong suit. Their *Rite of Spring* was however sensational, not just in spectacular splashes but in ultra-lucid polyphony and razor-sharp rhythm. Rattle disdained any impressionist prettiness – even the Part 2 Introduction heaved like a great primitive bellows. Many a *Rite* sounds barbarous, but this one was hugely, resplendently barbaric.

**David Murray**

**Chess No.701**

(Black's moves first) 1 P-B7 ch KXBP 2 P-Q6 ch KXQP 3 P-K5 ch KXP 4 P-N4 K-B5 5 P=B ch KXP 6 B-KR2 K-B7 mate. Clock puzzles: 1. Stop your clock, restart his. 2. Chase his king to near your KR1, maximising the distance between his hand and clock button.

## Radio

# Morals in a twist

THERE ARE times when the BBC's tastes are beyond me. Last year I heard a play called *Lily and Colin*, by Elizabeth Bond, about an affair between a 40-year-old dim-witted man and a 13-year-old girl. This was later adapted for television. Now the author has written a sequel, *Lily and Colin – City Lights*, which was this week's Monday Play on Radio 4, the original piece being repeated the previous Saturday.

The new play opens with Colin, played by Paul Copley, in prison, cleaning the chapel and singing hymns in his cell. Lily – admirably spoken by Janette Beverley – has gone to London, where she makes enough money as a tart to keep Colin when he is released. Not for long, though; when the owner of her borrowed flat wants it back, she sells all his furniture, and is rightly duped by the purchaser, as crooked as herself. So Lily and Colin move on to St Pancras Station, which Colin, going steadily dottier, thinks is a cathedral. He also decides Lily must be a witch, and would have knifed her if she had not been rescued by the Indian ponce who used to run her.

It is not the immorality of the tale that I find repellent. This is no worse than the average ITV police thriller. What revolts me is the sickly layer of sentiment it is wrapped in, the notion that everything is all right because Lily and Colin love each other so much. There might be fewer Teesside children in care if this moral standard were accepted. Penny Gold was the director.

Lily should have consulted an Agony Aunt. "I am only 11 years old," wrote a correspondent to Woman's Own in 1934, "but I have fallen head over ears in love with a boy of 19. This is not infatuation, this is true love." "Join the Brownies," was the stern reply. This was quoted in *Dear Worried of Winchester*, a comic assortment of auntisms presented by Oenone Williams on Radio 4 on Wednesday. Yet the fun we can find in the idiotic problems put to these journalistic psychologists must sometimes conceal genuine trouble. Could ones husband's trick of putting ferrets down his trousers, for instance, really prevent one from having babies? Something was preventing it, after all, even if not that curious habit. But I suspect that ignorance and frivolity lie behind most of the questions. Who, even in 1710, cared which sex was the devil? As if we didn't know.

Drama of another, no doubt less popular kind, was Richard Nelson's *Languages Spoken Here* (Radio 3, Thursday). A Polish-American writer working in England volunteers to translate a Polish novel. He and his wife do many favours for the novelist, who repays them by going behind their back to another translator and selling the other translation. A modest plot, but beautifully executed, and ably played under Ned Chaillet's direction, with Colin Stinton and Emily Richard as the Anglophones Michael and Annie, and Renny Krupinsky as Janusz the Pole (who has some Czech dialogue as well). The theme is that a translator's knowledge of a language must be reinforced by the knowledge of a way of life.

That theme was in a way reinforced by Radio 4's feature on Wednesday, *Schoenberg Goes to Hollywood*. Jeremy Siepmann has assembled a number of the composer's acquaintances and relations to provide a composite portrait. His Austrian days, as recalled by Roberto Gerhard, suggest an arrogant, aggressive figure wholly immersed in artistic endeavour (earlier, more frivolous times were not part of this programme). But life in Hollywood, where he lived and worked from 1934 until his death in 1951, presents a different personality, friendly and generous, happy to teach beginners, fond of parties, keen on tennis. His encounter with Irving Thalberg was in a way like that of Michael and Janusz. Some film music was commissioned, but accepted only on condition that no note was to be changed and that Schoenberg would coach the players in *Sprechstimme*. On top of this, he demanded the then outrageous fee of £55,000. "If I am to commit suicide," he said, "I must live well afterwards."

**B.A.Young**

## Records

# On Bernstein

**Bernstein: A Quiet Place.** Chester Ludgin, John Brandstetter, Beverly Morgan, Peter Kazaras, Wendy White, Edward Crafts etc./ Austrian Radio Symphony Orchestra/ Leonard Bernstein.DG 419 761-2 (two CDs)

*A QUIET Place* – music by Leonard Bernstein, libretto by Stephen Wadsworth – had its first performance at Houston in 1983, as the second part of a double-bill presentation with Bernstein's *Trouble in Tahiti*, the one-acter of 1952. In subject matter, musical as well as narrative, *A Quiet Place* is the "story continued three decades later" of the 1952 opera; for various reasons their Houston combination was found to be unsatisfactory, and the newer, larger opera itself to be too long and discursive in detail.

After various stages of revision, a final form was found for the works' arrival in Vienna, last year: *Trouble in Tahiti* was broken into equal halves, each inserted into different parts of the second act of *A Quiet Place* itself now much shortened overall. It is this "Vienna version," a carefully integrated composite of old and new thoughts on the same subject, that has been recorded, in a performance taken live from the Vienna State Opera and conducted by Bernstein himself.

The result - a complex, powerful, fascinating and beautiful piece of American music-drama - has rewarded its creators' persistence. *A Quiet Place* is, I believe, as notable an addition to the list of American operas as *West Side Story* was to that of American musicals (though both generic labels are inadequate to the range and scope of either work). It is an intensely American work, with its roots in American popular music, in the American realist playwrights, in the language of ordinary American people; if Weill's "Broadway opera" *Street Scene*, a direct ancestor of Bernstein-Wadsworth, was a city music-drama, specifically a New York vision of linked family lives, *A Quiet Place* might be described as its suburban successor and counterpart.

*Trouble in Tahiti*, set in a frame of ironical jingles for vocal trio hymning the joys of American suburbia, told of Dinah and Sam, housewife and rising businessman locked in a stale, hostile, uncommunicative marriage; Junior, their schoolboy son, is an offstage presence, as are Dinah's analyst and Sam's business associates.

Thirty years later – the point at which *A Quiet Place* begins – Dinah dies in a car crash caused by her own suicidal drunkenness. This is the Prologue, outlined by a chorale for "Voices in the Darkness;" the first scene then gathers into a funeral chapel a troupe of chorus-commentator friends, relatives, husband (now Old Sam), and finally children – first Dede (nine years younger than Junior) with her French-Canadian husband Francois, then the dishevelled, disoriented Junior himself, "a crazy queer who skipped the draft" to Quebec, where he became Francois's lover (the marriage between Junior's sister and his lover was arranged to see Junior through his periods of psychological breakdown).

Sam, initially estranged from both his children, learns to make peace with them, and with various past guilts – the Act 2 juxtaposition of his readings from the dead Dinah's diary with the first part of *Trouble in Tahiti* enriches both the "old" material and the new. Via the classic stages of American realistic drama – confrontation, revelation (of possible incest between Junior and Dede), emotional outburst, and final reconciliation – the "quiet place" that the young Dinah dreamed of (in the earlier opera) is at last glimpsed.

The libretto is at once an expert piece of work (its use of verbal tags and mottos supplying excellent compositional cues) and a rather "pat" blend of cliche and soap-opera tearjerking crossed with Freudian device of purest Hollywood stamp. The music transforms, explains, justifies, expands the text, in the way that only happens in real opera. After the 1983 Houston premiere Andrew Porter, in an illuminating *New Yorker* review, compared Bernstein-Wadsworth with Tippett, specifically the Tippett of *The Knot Garden*, whose variously-related characters exist in a knot of labyrinthine misunderstandings gradually untied. Parallels can be drawn between the fluid forms of both operas, the rich interplay of solo and ensemble voice-writing, the penetration of popular idioms into the musical structure; but the characters of *A Quiet Place* are less sophisticated, less educated, than their *Knot Garden* counterparts, and Bernstein's musical language adjusts its balance accordingly.

This is without doubt one of Bernstein's most substantial scores. The reflexions that the libretto has caught from events in the composer's own life are traced in Joan Peyser's Bernstein biography (see below) – *A Quiet Place* was the first score of any size to follow the death of Felicia Bernstein, in 1978. There is no need to "know the facts" to respond the the opera (though equally, as in the operas of, say, Wagner, no need to shrink from them). For the music-drama is itself sufficiently rich in theatrical allusiveness, in complexities of level and cross-currents of theme, to absorb the listener. Act 1, in particular, works brilliantly in its assortment of foreground and background voices, with spiky, pointed scoring to add lines of thought or suggestion. As the main characters take over the spotlight, the textural placing becomes simpler – but it is the simplicity of creative choice. The musical idiom is at once "approachable" and learned; in *A Quiet Place* all Bernstein's musical worlds, past and present, come together.

The performance is a magnificently gripping piece of ensemble opera; each component part is played-in, lived-in, and so any singling-out is unnecessary as well as discourteous. I strongly recommend this DG set to the opera explorer - and I urgently recommend the work itself to one of our opera companies.

A few words – no more are necessary – on the Peyser biography, *Leonard Bernstein* (Bantam, £14.95), which has caused a huge stir in the US (excerpts have already appeared in a London Sunday newspaper). It is a thoroughly distasteful piece of work, in the manner of the same author's *Boulez*, only a thousand times more so. The author has laboured hard to throw light on the seamier corners of her subject's life-history; she is particularly bent on exposing every aspect of his tormented, previously unpublicised homosexuality, but the warts-and-all approach leaves no other Bernstein personal failing, whether it be egotism, inconsistency, hypocrisy, or over-indulgence in food, drink, and cigarettes, unexamined.

The trouble is that Peyser's Bernstein doesn't live at all convincingly as a creative figure: she is uninteresting, indeed terribly dull, on his music (except where some biographical gossip can be prised therefrom), and unilluminating on his conducting. (For a sober, serious, and well-informed view of the music, Peter Gradenwitz's *Leonard Bernstein - the infinite variety of a musician*, Berg-SMP, £15, provides a sharp contrast.) It's not true to say that Peyser's biography is a waste of time: it is un-put-down-able. But one finishes up by seriously questioning the motives that inspired its writing.

**Max Loppert**

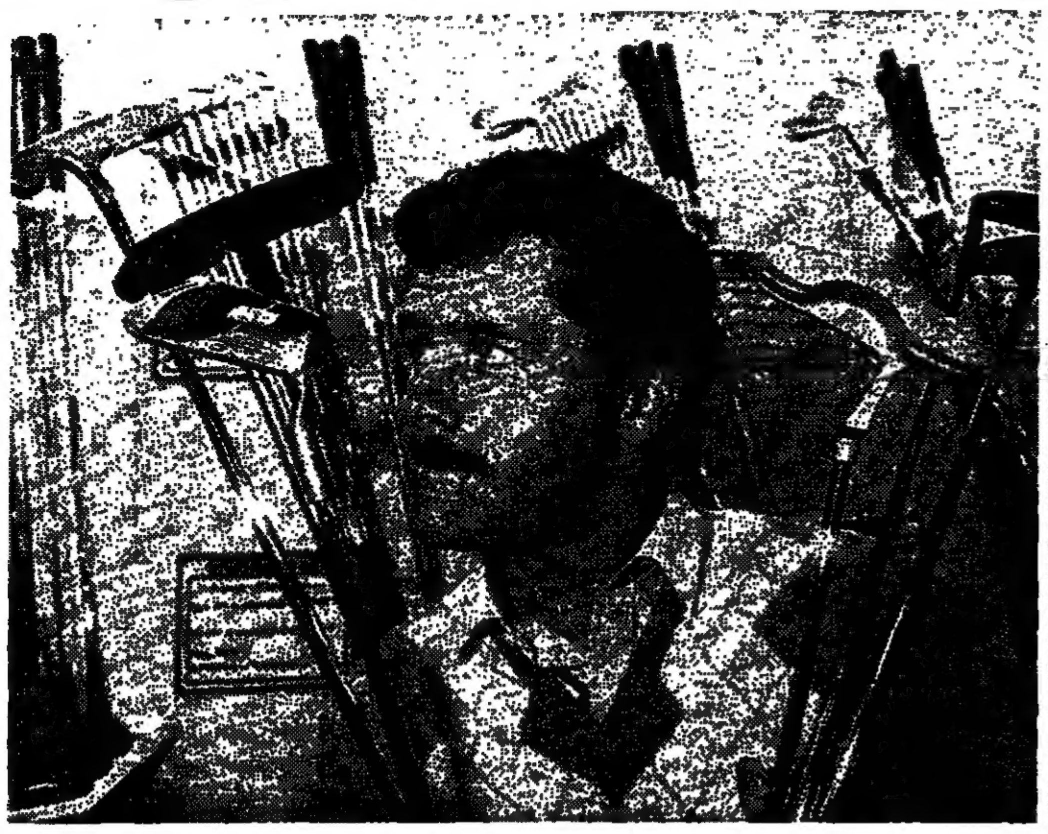
# WEEKEND FT

• SPORT •

## Golf/Ben Wright

# Ping pong played on the greens

**Will the sophisticated variety of putters and drivers destroy the best golf courses?**



**Spoiled for choice: these clubs on sale at Golf City, New Bridge Street, London, show the golfer's dilemma**

IT SEEMS that golf would be better served by its governing bodies on both sides of the Atlantic if, in this season of goodwill, they were to drop their senseless crusade against "Mr Ping" and his square grooved Ping Eye 2 irons, the most popular clubs in the world.

Mr Ping is actually Karsten Solheim, founder and president of Karsten Manufacturing Corporation. Instead of attacking Solheim they – the appointed officials of the Royal and Ancient Golf Club of St Andrews and the United States Golf Association – should address the entirely ludicrous state of affairs in the golf equipment field. The situation is allowing the ever-proliferating variety of sophisticated weapons available to destroy the integrity of even the best courses in the world.

Clubs and balls are getting too damned good for the good of the game, not just the fine product of a single very gifted inventor. This is encouraging the creation of abominable courses like Pete Dye's PGA West in California, that are a test of brute strength and ignorance, and are no fun for the average club golfer, the much abused backbone of the game.

When Sir Winston Churchill proclaimed golf to be a largely stupid exercise, played with weapons singularly ill-designed for their purpose, he had not seen my perimeter-weighted metal-headed driver with a stiff titanium shaft or my copper beryllium Ping Eye 2 irons hitting the ball farther and straighter than I believed possible.

Even some of my worst swings produce satisfactory results, and I can stop a Titleist, Slazenger or any other ball on a sixpence even out of the deepest rough. Of course this is quite a ridiculous state of affairs, not the least because those who can afford such sophisticated equipment have a distinct advantage over golfers less financially fortunate. Golf is getting far too expensive in any case.

Alas, my Ping Eye 2 irons were declared illegal by the USGA in June although, officially, they do not become so until January 1 1996. For the many professionals and championship class amateurs who use and swear by the 76-year-old Solheim's Ping Eye 2 Iron the problem is much more immediate. They are banned from all USGA competitions most notably the U.S. Open after 1989.

Over half a million sets of these controversial irons are sold annually in 66 countries and, since the ban, the waiting list of three months or more for delivery has shown no signs of shrinking. Solheim is threatening to sue the USGA. He has the financial resources to put the governing body out of business if the affair drags on and up to the the Supreme Court, a fact of which the association's officials are well aware.

Miles of newsprint have been expended already on the quarrel in newspapers and magazines around the world, much of the space bought by Solheim including a recent open letter to owners of Ping Eye 2 clubs. Solheim was particularly incensed by the USGA's recent advice to these owners that their clubs could easily be altered to allow them to become legal, spawning a rash of advertising in trade magazines by companies offering this service, which Solheim asserts would destroy the club's swing, weight and balance.

So where do we go from here? Amazingly, the whole sad and sorry bickering has arisen over 5,000th of an inch. The maximum width of a groove in the face of an iron club allowed by the USGA and the R&A is 0.035inches and the space between grooves must be three times that distance, namely 0.105 inches. Solheim maintains that his Ping Eye 2 irons easily conform to this specification. He cites certified dimensions prepared by the US Department of Commerce's National Bureau of Standards which measured the grooves wall-to-wall at 0.023 inches and the distance between them at 0.084 inches.

The dispute arose because Solheim bevelled the edges of his grooves to prevent damage, particularly to balata balls by their previously sharp edges. The USGA maintains that the width of a groove must now be measured from the point at which the bevelling starts on the surface of the club. By their calculations the Ping Eye 2 grooves are 0.031inches wide and the space between them is 0.073 inches instead of the minimum of 0.093 demanded by the 3-1 ratio.

The USGA promises a further statement by January 1988 but, in his open letter, Solheim concludes: "I fervently believe that Ping Eye 2 club owners should be allowed to play with their irons whereever, whenever and for as long as they wish and I promise to fight for that right." Solheim appreciates only too well that in their last foray in the courts against a ball manufacturer, litigation dragged on for eight years and cost the USGA $4m.

My own solution to these equipment problems would be simple. All irons would have to be made from steel including the shaft. Grooves would have to be D-shaped on the old basis of a 3-1 ratio between grooves and the space between them. The heads of all wooden clubs would have to be made of wood, the shafts only of steel, thus banishing the dreadful term metal wood.

All golf balls would have to be made to identical specifications, namely a fixed number of dimples and their configuration, total weight 1.68ozs and drastically reduced maximum velocity. All clubs would have a specified angle in terms of their degree of loft, thus removing the privilege of carrying three wedges of widely differing angles. The only clubs that would retain their individual characteristics would be putters, with the exception of the sidewinder variety beloved of Sam Snead, which would be banned as aesthetically displeasing. Both hands would have to be touching each other on the putter grip at all times,

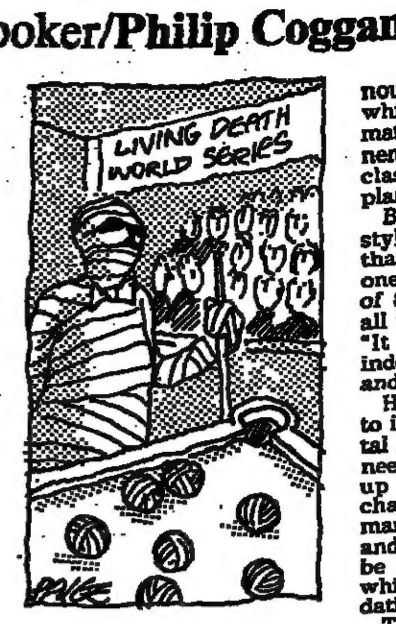
Having forced equipment manufacturers to improve their products only along these drastically reduced guidelines, I feel that the most brilliantly inventive designers, like Solheim, would still prevail, and make mugs of their less gifted rivals. Then I would turn my attention to the ridiculously lengthy rulebook.

When I play alongside the US Open champion of 1964, Ken Venturi, there is a clear understanding that the ball shall only be touched without penalty when teeing it up and removing it from the hole. In addition, I would like to see all penalties limited to one stroke. The ball would be dropped as nearly as possible to the spot where it either entered a water hazard or went out of bounds, in the opinion of one's opponent or opponents.

Motorised carts would never be allowed except on purely medical grounds. The maximum time allowed for 18 holes would be three hours for two players, 3½ for three and four hours for fourballs. If a fourball had played only 14 holes in their alloted four hours then they would have to return to the clubhouse. If only the governing bodies had the courage to make such sweeping changes the integrity of a great game would be greatly enhanced.

## Snooker/Philip Coggan

**Snooker's popularity has grown faster than its organisation – one of the game's problems**




# Keeping the pot boiling

SNOOKER IS a game of polished surfaces. The balls are perfectly spherical, the playing surface smooth and flat, the competitors attired like Lord Peter Wimsey on a night out.

The epitome of snooker's ideal professional is Steve Davis, the World Champion. Precise in manner, methodical in practice, robotic in concentration, he has dominated the game throughout the decade. He would no more dispute a referee's decision than he would pour acid on the green baize.

It is hard for the casual TV viewer to understand how such a game can be rent by controversy. But in the past few weeks the chairman of snooker's governing authority has resigned, the Minister of Sport has launched a bitter attack on the game and fears that two rival playing circuits could emerge have become widespread.

Snooker's problems stem directly from its rapid growth – just a decade ago, it was a minority interest, shackled largely to the image of smoke-filled halls and misspent youths. Then television discovered that the rectangular table and the brightly-coloured balls made compelling and cheap viewing. And where television goes, money is never far behind.

The stars of the seventies had been middle-aged, respectable and bespectacled. But popularity brought a new kind of player, street-wise and sassy, and a new breed of manager with an eye to the lucrative spin-offs of sponsorships and exhibitions.

King of the managers is Barry Hearn, who has built the Matchroom stable on the foundation of the redoubtable Steve Davis. He now manages seven of the world's top players and has largely been responsible for increasing international coverage of the game-taking his players to hold tournaments in Hong Kong, for example.

But there were many who pointed out that Hearn's dominant position in the game, and his role as a tournament organiser, sat rather uneasily with his post on snooker's governing body, the World Professional Billiards and Snooker Association. Hearn eventually felt there was a conflict of interest and resigned from the WPBSA board in September.

It was a move which left Rex Williams, the WPBSA chairman, increasingly isolated. He and Hearn were perceived as allies and shortly after the latter's departure, the board passed a motion of no confidence in Williams' chairmanship. Williams has since resigned.

However, if a disinterested board was the ideal, then it is hard to see the logic of subsequent appointments. Hearn's departure has been followed by the appointment of two major snooker managers – Howard Kruger, whose Framework stable handles eight leading players, and Ian Doyle. The new WPBSA chairman is John Virgo, a leading player best known for his comic impersonations of his fellow professionals.

It was perhaps inevitable that the game's popularity should have grown faster than its organisation – in effect, a Hanson-style conglomerate has been erected on the edifice of a corner shop. But the departure of Hearn has raised the spectre that snooker might, like boxing, develop rival world authorities. The prospect is given an added irony by Hearn's involvement in the promotion of the Frank Bruno/Joe Bugner boxing match.

Hearn is planning the ominously-named World Series, in which 11 players will compete in matches spread over five continents, an event which could well clash with the WPBSA's own plans to launch overseas events.

Barry Hearn, in his disarming style, dismisses the possibility that he will split the game. "The one thing about the current crop of tournaments is that they are all won by my players," he says. "It would be a dumb move indeed for me to split the game and lose all that money."

However, recent events seem to indicate that some fundamental reorganisation of the game is needed. Williams wanted to set up a new board – himself as chairman, a television man, a marketing man, a businessman and a lawyer. There would also be a separate "players' panel" which would receive recommendations from the main board.

The WPBSA does not rule out a Williams-style reorganisation – it is one of the options being considered as part of the game's corporate plan. But secretary Martin Blake said that the system of player involvement is the envy of other sports.

The debate about beta blockers has added further complications to the issue. Several players admit to using blockers, which help steady the nerves; however these are on the proscribed list of the International Olympic Committee. Mr Colin Moynihan, the Minister of Sport, has intervened to stop the Sports Council from providing funding for snooker's existing drugs tests.

Snooker's establishment may be split on other issues, but they seem to be united over beta blockers. "No-one has proved that they actually enhance performance," says Williams, who admits to taking the drugs after having a nervous breakdown some years ago.

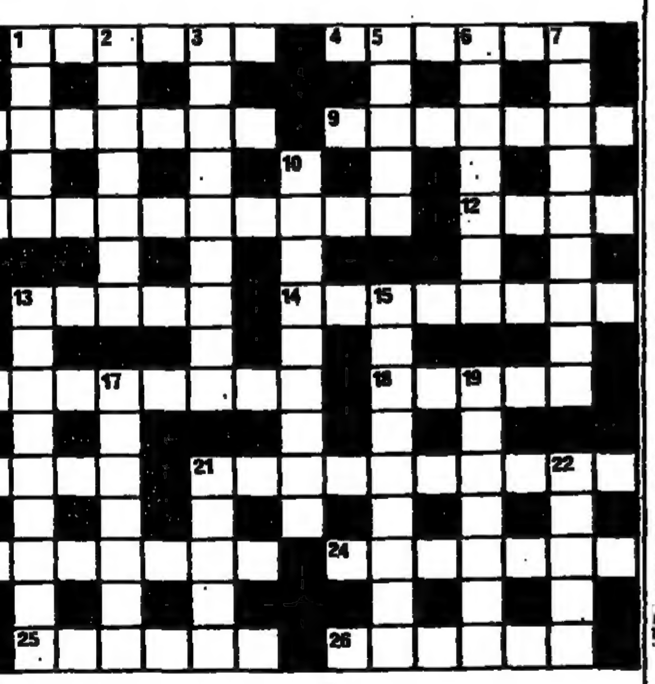
Hearn points out that snooker players can continue competing into their seventies and that they can use the drug only if it is prescribed by a doctor. "We have people playing who if they didn't take beta blockers would be dead," he says.

The Government is unrepentant in its criticism, even though snooker instituted voluntary drug tests three years ago – at a time when beta blockers were not on the IOC list – and despite the fact that many other professional sports have no system of drug testing at all.

The real threat to snooker will come if sponsors believe that the image of the sport has been tarnished. If the money starts to disappear, then the internal rows could increase as the game's rival managers fight for a share of a fast-dwindling cake.

## FT CROSSWORD No.6,506

SET BY GRIFFIN



### ACROSS

1 Ecstatic railway guard (6)
4 Long woolly T-shirt (6)
8 Ordered umpire to move first prize (7)
9 US port expert takes a look (7)
11 Do water these, darling (10)
12 Always accepts "empty water" is wrong (4)
13 Ottoman official remains in Pennsylvania (5)
14 Aiming to teach in Gateshead (8)
16 Clergyman a surgeon takes home (8)
18 Label with the continental food (5)
20 Staunch supporter (4)
21 Nearly meet disaster first (10)
23 Medium retired, blushing, with wind (7)
24 Go and invite volunteers back first (7)
25 Dick moved Les to a different hut (6)
26 Views church in rocky ness (6)

### DOWN

1 Cheat putting hands under pole (5)
2 A fourth book of songs (7)
3 Treating cargo thus is slapdash (9)
5 Hound hanging round a resort (5)
6 Asian father getting into water music (7)
7 Patience is to learn about religion (9)
10 Drink for nurses' tea break (9)
13 Are not so rude as blunt (9)
15 First used the trick outside, true (9)
17 Huge French men in the Seine, struggling (7)
19 To and from Tibet wee Nellie hides (7)
21 Apple picker not without overhead experience (5)
22 Bellringers known to understand the procedure (5)

### Solution to Puzzle No.6,505

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### Solution and Winners of Puzzle No.6,500

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| R | I | D | I | C | U | L | E | | G | A | M | B | I | A |
| E | | O | | K | | U | | D | | R | | R | | V |
| F | I | L | L | Y | | M | A | R | M | A | L | A | D | E |
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Elizabeth Riddell, Farnham Common, Bucks; Mr R. Watson, Cheddar, Somerset; Mr J.L. Gibson, Sunderland; Mr Simon Davey, Twickenham; Mr P. Stoney, Formby, Liverpool.

**Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.**

## SATURDAY TELEVISION AND RADIO

† Programme in black and white

**BBC1**

8:20 am Roobarb. 8:25 Saturday Starts Here. 8:40 Chuckdevision. 9:00 The Muppet Babies. 9:30 Going Live! 12:12 pm Weather. 12:15 Grandstand including 12:20 Football Focus; 12:45 Racing from Cheltenham; 12:55 Cricket (England v Pakistan); 1:05 Rugby League Focus; 1:20 Skiing (Men's downhill from Val Gardena, Italy); 2:10 Rugby League (The John Player Trophy); 2:55 Bowls; 3:25 Rallycross/Bowls (Motaquip British Grand Prix); 4:30 Football (Everton v Rangers from Dubai). 4:40 Final Score.

5:05 News. 5:15 Regional Programmes. 5:20 Rolf Harris Cartoon Time. 5:45 Telly Addicts. 6:15 My Family and Other Animals. 6:45 Bob's Full House. 7:20 'Allo 'Allo. 7:50 Casualty. 8:40 Just Good Friends. 9:15 News and Sport. 9:30 Cagney and Lacey. 10:20 Monty Python's Flying Circus. 10:50 World Bowls. 11:45 Film: "Nightwing" (Horror thriller).

**BBC2**

9:05 am Open University. 1:50 pm Network East. †2:10 Film: "Maytime" starring Jeanette MacDonald and Nelson Eddy. 4:20 World Bowls. 5:40 International Bridge Club. 6:10 The Week in the Lords reviewed by Christopher Jones. 6:50 Newsview. 7:30 Montreal Symphony Orchestra (simultaneous broadcast with Radio 3): Recorded concert from the Belfast Festival conducted by Charles Dutoit with Barry Douglas (piano) – Richard Strauss (Don Juan), Brahms (Piano Concerto No1), Bartok (Concerto for Orchestra). 9:40 World Bowls. 10:00 The Film Club. 10:03 Film: "The Discreet Charm of the Bourgeoisie" (French with English subtitles). 11:40 Film: "Notre Histoire (Our Story)" (French with English subtitles).

**LONDON**

6:00 am TV-am Breakfast Programme. 9:25 No 73. 11:00 The Roxy. 11:30 Frocks On The Box. 12:00 The Fall Guy. 1:00 pm News. 1:05 Saint & Greavsie. 1:35 Wrestling. 2:15 Comedy Classic: The Cuckoo Waltz. 2:45 Snooker. 4:45 Results Service. 5:00 News. 5:05 Walt Disney Presents. 5:15 Blockbusters. 5:45 The A-Team. 6:45 Blind Date. 7:30 Murder, Mystery, Suspense: Alistair Maclean's "The Hostage Tower" starring Peter Fonda. 9:15 News and Sport. 9:30 Dempsey and Makepeace. 10:35 Snooker followed by LWT News Headlines. 12:20 am Sledge Hammer. 1:00-4:00 am Night Network. 4:00 TJ Hooker. 4:55 American College Football.

**CHANNEL 4**

9:30 am Coping. 10:00 Moneyspinner. 10:30 Scotland's Story. 11:00 Old Country. 11:30 Dancin' Days. 12:00 Make Your Own Video. 12:30 pm World of Animation. 12:45 Channel 4 Racing from Sandown Park. †2:50 Film: "Francis In The Haunted House" starring Mickey Rooney. 4:20 Movie Museum. 4:30 Countdown. 5:05 Brookside Omnibus. 6:00 Right To Reply. 6:30 News Summary and Weather followed by I Belong, Therefore I Am. 7:30 Bandung File. 8:30 John Huston and the Dubliners. 9:30 A Fine Romance. 10:00 St Elsewhere. 11:00 Late Night with David Letterman. 11:50 Flame. †1:30 am The Mysteries of Edgar Wallace.

**S4C WALES**

9:30 am Coping. 10:00 What The Papers Say. 10:15 Years Ahead. 11:00 World of Animation. 11:15 Countdown. †11:45 Time To Remember. 12:15 pm Scotland's Story. 12:45 Racing from Doncaster. 12:50 Film: "The Sound Barrier". 5:00 What On Earth is Going On? 6:00 Right To Reply. 7:00 To the End of the Rhine. 7:30 Newyddion. 7:50 Fflach. 8:20 Awyr Lee. 9:25 Y Maes Chwarae. 10:30 The Golden Girls. 11:00 Late Night with David Letterman. 11:50 Flame. †1:30 am The Mysteries of Edgar Wallace.

IBA Regions as London except at the following times:

**ANGLIA**

11:30 am B.C.'s Christmas Prize Time. 11:35 Randall & Hopkirk (Deceased). 12:30 pm A.L.F. 1:05 Anglia News and Weather.

**BORDER**

11:30 am Groovy Ghoulies. 12:00 UFO. 1:00 pm Border News and Weather. 2:00 am Border News and Weather.

**CENTRAL**

11:00 am Family Feature Film: "Doctor Snuggles". 12:00 pm Roller Skate Fever. 1:00 News followed by Central News. 12:30 am Prisoner Cell Block H. 1:25 The 1987 World Dance Championships. 2:25 Film: Breakdance 2: Electric Boogaloo". 4:05 Central News followed by Central Jobfinder.

**CHANNEL**

11:30 am Streethawk. 12:30 pm The Best of Sport.

**GRAMPIAN**

11:30 am A.L.F. 12:00 Highway To Heaven. 12:55 pm Home Cookery Club. 12:30 am Reflections.

**GRANADA**

11:25 am Saturday Matinee: "The Princess and The Pea". 1:35 pm Wrestling. 2:15 A.L.F. 10:35 The Big Match. 12:30 am Star Movie: "March or Die" starring Gene Hackman. 2:25 America's Top Ten.

**HTV**

11:30 am Easy Street. 12:00 A.L.F. 12:30 pm America's Top Ten. 1:00 HTV News. 5:00 HTV News. 10:35 Club Rugby (Bath v Waterloo). HTV WALES: SAME AS HTV WEST EXCEPT – 10:35 Club Rugby (Pontypridd v Maesteg).

**TSW**

11:30 am The Greatest American Hero. 12:35 pm Gus Honeybun's Magic Birthdays. 12:30 The South West Week. 1:00 TSW News and Weather. 5:05 Newsport. 12:30 am Postscript.

**TVS**

11:30 am Streethawk. 12:30 pm The Best of TVS Sport. 12:57 TVS Weather. 5:05 TVS News. 4:00 am Company.

**TYNE TEES**

11:30 am "Appointment In Honduras" starring Glen Ford and Ann Sheridan. 12:30 am Poetry Of The People. 12:40 Jobfinder.

**ULSTER**

†11:30 am Film: "The Snow Queen" starring Natalya Klimova. 1:03 pm Ulster Newstime. 5:03 Ulster Newstime. 9:32 Ulster Newstime. 12:35 am Ulster Newstime.

Stereo on VHF

**Flame (1974) charts a sixties pop group played by Slade, a seventies group, tonight, 11.50, Channel 4**

**BBC RADIO 2**

6:00 am Steve Truelove. 8:05 David Jacobs. 9:00 Sounds Of The 60s. 10:00 Michael Aspel. 12:00 Album Time with Peter Clayton. 1:00 pm Radio Active. 1:30 Sport On 2. 6:00 Sports Report. 6:30 Brain Of Sport 1987. 6:30 Look What They've Done To My Song. 7:00 Beat The Record. 7:30 Emile Waldteufel. 8:30 Nice 'N' Easy. 9:30 String Sound. 10:05 Martin Kelner. 12:05 am Night Owls with Dave Gelly. 1:00 Bill Rennells presents 'Nightride'. 3:00-4:00 A Little Night Music.

**BBC RADIO 3**

7:00 am News. 7:05 Morning Concert. 8:00 News. 9:05 Record Review. 10:15 Stereo Release. 11:35 Reading. 11:40 BBC Symphony Orchestra: Recorded concert conducted by Richard Buckley – Berlioz (Overture: Beatrice et Benedict). Barber (Violin Concerto, played by Rodney Friend), Nielsen (Symphony No5). 1:00 pm News. 1:05 String Quartets in Salzburg. 2:05 19th-Century Music for voice and guitar: Ian Partridge (Tenor) and Jukka Savijoki (guitar) – Spohr, Paganini and Ries. 2:30 Grainger and Company. 3:10 Beecham Firsts.

5:00 Jazz Records Requests. 5:45 Critics' Forum. 6:35 Reginald Smith Brindle: First of programmes for his 70th birthday year – 'Japanese Lyrics' for guitar and ensemble; Concerto for five instruments and percussion; performed by Josephine Nendick (mezzo) and the Endymion Ensemble cond by John Whitfield. 7:30 Montreal Symphony Orchestra (simultaneous broadcast with BBC 2): Recorded concert conducted by Charles Dutoit – Strauss (Don Juan), Brahms (piano Concerto No1, played by Barry Douglas); 8:45 Charles Dutoit talks to Michael Berkeley; 8:55 Bartok (Concerto for orchestra). 9:45 Strauss (String Quartet in A, Op2). 10:15 Trombone Acts: Christian Lindberg plays Folk Rabe (Basta) and Berio (Sequenza V). 10:30 Berio: 'Epifanie', performed by the BBC Philharmonic Orchestra. 11:05 Baroque Trombone. 11:25 Heino Eller: Elegia for harp and strings; five pieces for strings. 11:57-12:00 News.

**BBC RADIO 4**

7:00 am Today. 9:00 News. 9:05 Sport On 4. 9:30 Breakaway. 10:00 News; Loose Ends hosted by Ned Sherrin. 11:00 News; The Week In Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm The News Quiz (s). 12:55 Weather. 1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News; Second Edition. 3:00 News; Play: Lily and Colin-City Light (s). 4:30 Science Now. 5:00 Conversation Piece. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News, including Sports Round-Up.

6:25 Citizens (s). 7:10 Stop The Week with Robert Robinson (s). 7:45 Saturday Night Theatre (s) 'Conan Doyle and the Edalji Case' by Roy Apps (s). 9:15 Music In Mind (s). 9:50 Ten To Ten (s). 9:59 Weather. 10:00 News. 10:15 The Saturday Feature. 10:45 Conservative Blues (Adventures in the jazz trade by Jeff Nuttall). 11:00 Up the Garden Path (s). 11:30 Star Terk II (s). 12:00-12:15 am News; Weather.

## SUNDAY

† Programme in black and white

**BBC1**

8:55 am Play School. 9:15 Articles of Faith. 9:30 This is The Day. 10:00 Bazaar. 10:30 Talking Business. 10:55 Telejournal. 11:20 A Vous La France! 11:45 Sign Extra. 12:35 pm Farming. 12:58 Weather for farmers. 1:00 This Week, Next Week. 2:00 Eastenders. 3:00 Match of the Day Live (Coventry v Arsenal). 4:55 Cartoons. 5:15 Watchdog.

5:40 Vanity Fair. 6:10 Working the System. 6:20 News. 6:35 Songs Of Praise. 7:15 Sports Review of 1987. 8:50 News. 9:05 Our Geoff. 10:15 Everyman. 10:55 The Secret Life of Paintings. 11:35 The Sky At Night. 11:55 Network East.

**BBC2**

8:10 am Now On Two. †8:40 Whirlybirds. 10:05 Odysseus: The Greatest Hero of Them All. 10:20 The Charlie Brown and Snoopy Show. 10:40 Now It's You. 10:45 Blue Peter Omnibus. 11:35 Aliens in the Family. 12:00 Windmill. 1:00 pm No Limits. 2:00 Rugby Special. 2:40 100 Great Sporting Moments. 3:00 Film: "The Red Shoes" starring Anton Walbrook and Moira Shearer.

5:10 Music in Camera. 6:00 Sid Sunday. 6:30 The Money Programme. 7:15 The Travel Show Guide. 7:50 The Great Philosophers. 8:35 The Natural World. 9:30 Did You See...? 10.00 Film: "Murder By Decree" (Continuing the Sherlock Holmes season).

**LONDON**

6:00 am TV-am Breakfast Programme. 9:25 Wake Up London. 9:35 Sunday At No 73. 10:00 No 73. 10:30 The Adventures of Black Beauty. 11:00 Morning Worship. 12:00 Weekend World. 1:00 pm LWT News Headlines followed by Police 5. 1:10 Link. 1:30 The Smurfs. 2:00 A Search for St Francis. 2:30 Snooker. 6:00 Bullseye. 6:30 News. 6:40 Appeal. 6:45 Highway. 7:15 North and South Book II. 8:45 News. 9:00 The Beiderbecke Tapes. 10:30 Making it – The Conductor. 11:30 LWT News Headlines followed by World Masters Tennis. 1:00 am Night Network. 3:00 The Magic Wok. 3:30 The Lawless Years. 4:00 TV Censored Bloopers. 4:55 American College Football.

**CHANNEL 4**

9:25 am Movie Mahal. 10:30 The World This Week. 11:00 Pob's Programme. 11:30 Dick Spanner. 12:00 pm The Waltons. 1:00 Treasure Hunt. 2:00 Empress WU. †2:30 "Zorba The Greek" starring Anthony Quinn. 5:05 Magoos Masquerade. 5:15 News Summary followed by The Business Programme. 6:00 American Football. 7:15 Cubanao – The Valley of Death. 8:15 An Idea of Europe. 8:45 Vita Futurista. †10:45 Film: "Command Decision" starring Clark Gable. †11:30 Scales of Justice.

**S4C WALES**

9:00 am Heloc. 10:00 The World This Week. 11:00 Pierced Pictures. 11:30 Dick Spanner. 12:00 pm The Waltons. 1:00 Amgylchion Ffwrdd. 7:15 Sam Tan. 7:25 Newyddion. 7:30 Rhaglen Hywel Gwynfryn. 8:10 Pobol Y Cwm. 9:40 Dechrau Canu, Dechrau Canmol. 9:15 Hel Straeon. 9:40 Cnud Yr Arfoedl. 10:25 St Elsewhere. †11:20 Scotland Yard.

IBA Regions as London except at the following times:

**ANGLIA**

9:25 am Sunday At No 73. 1:00 pm Link. 1:15 Bioscope Bygones. 1:30 Anglia News. 1:35 Weather Trends. 1:30 Farming Diary. 6:00 Bullseye. 6:35 Anglia News.

**BORDER**

1:00 pm Farming Outlook. 1:30 Border News. 1:35 Cartoon Time. 1:45 Link. 6:00 Bullseye. 6:30 Border News.

**CENTRAL**

9:25 am Speedy Gonzales. 9:35 He-Man and The Masters of the Universe. 1:00 Central News. 1:05 Central Post. 1:15 Link. 1:30 Here and Now. 6:35 Central News. 11:30 Prisoner Cell Block H. 12:25 am Donahue. 1:25 Thriller Classic: "The Shakedown". 3:00 Central News followed by Central Jobfinder.

**CHANNEL**

1:00 pm Link. 1:15 Les Francais Chez-Vous. 1:30 Enterprise South. 6:30 Channel News Headlines. 2:00 am Company.

**GRAMPIAN**

9:25 am Cartoon. 11:30 Struggle Beneath The Sea. 11:35 A Touch of Music. 1:00 pm Farming Outlook. 1:30 Cartoon Time. 1:00 Link. 2:30 Scotsport. 11:30 James Galway Introduces... 12:00 am Reflections.

**GRANADA**

9:25 am Cartoon. 1:00 pm Members Only. 1:05 Action Line: This Is Your Right. 1:35 Aap Kaa Hak. 1:40 Link. 11:30 RL Action – Scrumdown.

**HTV**

1:00 pm West Country Farming. 1:30 Cartoon Time. 1:45 Link. 6:35 HTV News. 11:30 America's Top Ten. 12:00 am Automata, Enigmas or Emporia – The New Factory.

**TSW**

1:30 pm Action South West. 1:10 Farming News. 1:45 Link followed by South West Link. 6:35 TSW News. 11:30 T.J. Hooker. 12:25 am Postscript Review.

**TVS**

1:15 Action! 1:27 TVS Weather. 1:30 Enterprise South. 2:00 am Company.

**TYNE TEES**

9:25 am Hello Sunday. 1:00 pm Farming Outlook. 11:30 At The Works. 12:00 am Epilogue. 12:10 Jobfinder.

**ULSTER**

12:58 pm Ulster Newstime. 1:00 Ask Anne? 1:15 Link. 1:30 Advice With Anne Hailes. 1:55 Farming Weather. 6:35 Ulster Newstime. 9:57 Ulster Newstime. 11:30 The Forum Presents. 12:25 am Sports Results. 12:30 Ulster Newstime.

(s) Stereo on VHF

**BBC RADIO 2**

6:00 am Steve Truelove. 7:30 Roger Royle says 'Good Morning Sunday'. 9:05 Melodies For You. 11:00 Desmond Carrington with your Radio 2 All-Time Greats. 2:00 pm Benny Green. 3:00 Alan Dell. 4:00 Moira Anderson's Serenade. 4:30 Sing Something Simple with the Cliff Adams Singers. 5:00 Charlie Chester with your Sunday Soapbox. 7:00 Living With Betty. 7:30 Ian Wallace Presents... 8:30 Sunday Half-Hour. 9:00 Your Hundred Best Tunes. 10:05 Songs From The Shows. 10:45 Christopher Taylor at the piano. 11:00 Sounds of Jazz with Tony Russell. 1:00 am Bill Rennells presents 'Nightride'. 3:00-4:00 A Little Night Music.

**BBC RADIO 3**

6:55 am Weather. 7:00 News. 7:05 English Pastorals. 8:00 World Service News. 8:10 Lili Kraus: Mozart (Sonata for piano and violin in B flat K 454) and Piano Concerto No12. 9:00 News. 9:05 Your Concert Choice: Monteverdi, Meyerbeer, William Kraft, Dring and Kalinnikov. 10:30 Music Weekly. 11:15 Cleveland Quartet: Schubert (Quartet in D, D 74), Beethoven (Op18 No 6). 12:15 pm From The Festivals 1987. 1:00 Words. 1:05 Concert, part 2. 1:45 Albion Ensemble: Mozart (Quintet in E flat, K 452), Poulenc (Sextet for wind, harp and piano). 2:30 Northern Sinfonia with the Sinfonia Chorus and Michala Petri (recorder) conducted by Nicholas Kraemer: Beethoven (Elegischer Gesang), Telemann (Suite in A minor), Bach (Brandenburg Concerto No3); 3:30 Interval Reading; 3:35 Vivaldi (Concerto in C for flautino and orchestra RV 443), Albert Lorenz (Theme and variations for unaccompanied recorder) Vivaldi (Kyrie). 4:10 Wide Defined. 4:30 Alicia De Larrocha (piano) Chopin, Mompou Granados, Albeniz. 5:30 The Alhambra Tales. 5:45 Cello Music from America. 6:30 Semiramide. 9:30 The 1987 Reith Lectures: Fourth of Alexander Goehr's lectures on 'The Survival of the Symphony'. 10:00 A Destructive and Transforming Force. 11:00 Schoenberg In Hollywood. 11:57-12:00 News.

**BBC RADIO 4**

7:00 am News. 7:10 Sunday Papers. 7:15 On Your Farm. 7:40 Sunday. 8:50 The Week's Good Cause. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter From America by Alistair Cooke. 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 The True Heart. 3:30 The Radio Programme. 4:00 News; The Mormon Conquest. 4:47 The Butterfly Collectors.

5:00 News; Down Your Way. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 At Least It's Live. 6:30 International Assignment. 7:00 News; Soundings (s). 7:30 Raffles. 8:00 Bookshelf. 8:30 A Word In Edgeways. 9:00 News; The Conservationist's Tale (s). 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 Schoenberg Goes To Hollywood (s). 11:00 The Root of the Matter. 11:30 Seeds of Faith (s). 12:00-12:15 am News.